Addendum

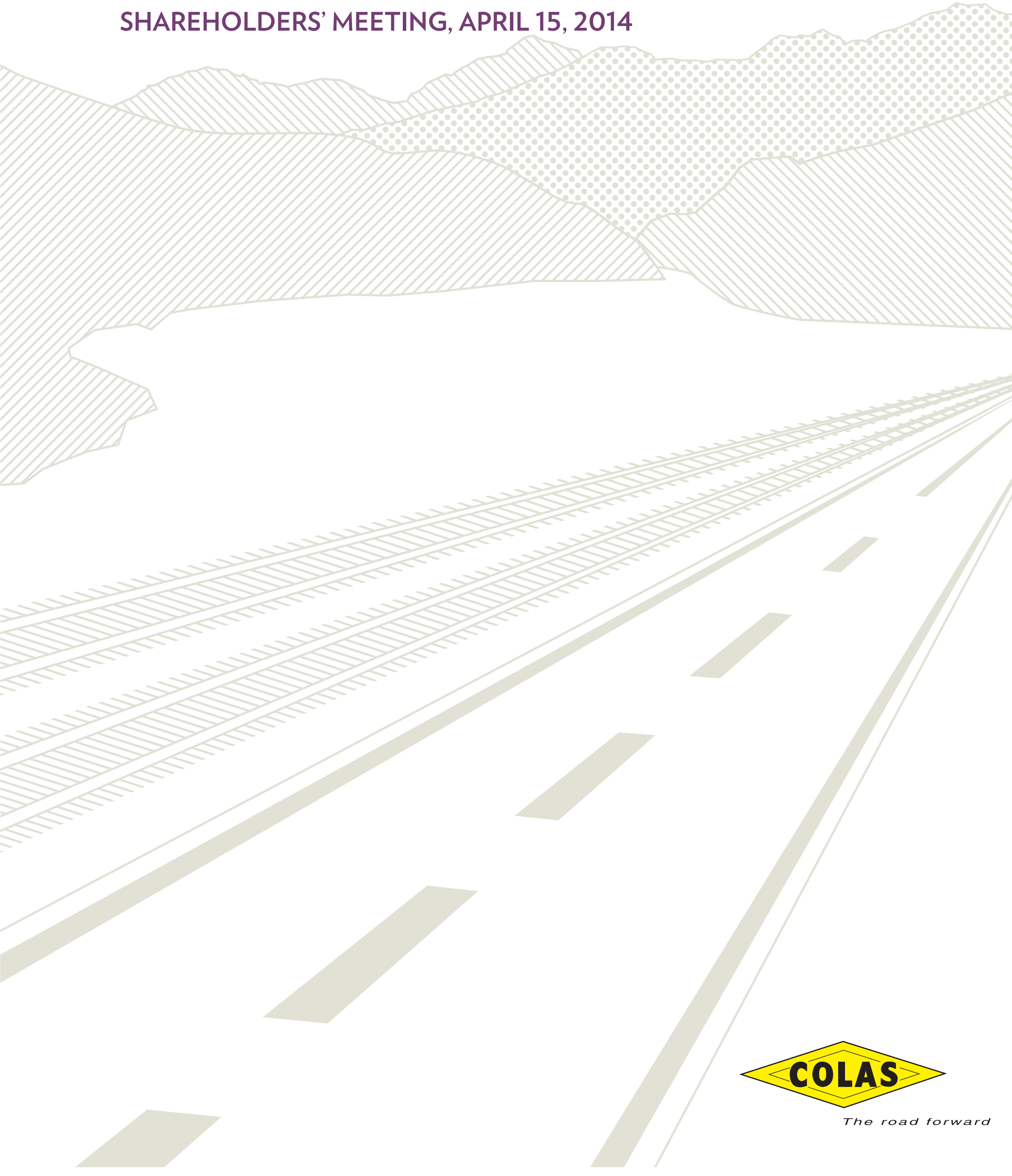
COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING, APRIL 15, 2014
Amendment to resolution 8

At the Combined Annual and Extraordinary Shareholders' Meeting held on April 15, 2014, an amendment to the eighth resolution (page 153 of the annual report, in the "Resolutions" chapter) was proposed to the Meeting by a shareholder. After the proposed amendment was accepted by the Board of Directors at an emergency meeting, the Shareholders' Meeting, following a discussion, voted in favor of the resolution as amended.

The text of the resolution as amended that was voted on at the Shareholders' Meeting will be found at the end of this document, and it replaces the eighth resolution on page 153 of the annual report.

Annual report 2013

COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING, APRIL 15, 2014



COLAS

The road forward

BOARD OF DIRECTORS

As of April 15, 2014[1]

Hervé LE BOUC
Chairman and Chief Executive Officer

François BERTIÈRE
Director

Olivier BOUYGUES
Director

Martine GAVELLE
Director

Jean-François GUILLEMIN
Director

Colette LEWINER
Director

Philippe MARIEN
Permanent Representative of the Bouygues SA

Gilles ZANCANARO
Director

(1) If approved by the Annual General Shareholders' Meeting on April 15, 2014.

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 15, 2014

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 2013 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 ratify the appointment of one Director, to renew the appointments of two Directors, to renew the authorization granted to the Board to allow the Company to buy back its own shares, and to approve the Chairman and CEO Hervé Le Bouc's compensation for the year 2013;

• in the section dealing with extraordinary business, we invite you:
– to authorize modification of articles 16 and 20 of the Company by-laws relating to the age limit for the position of Chairman and Chief Executive Officer,
– to grant powers to the Board of Directors with the purposes of:
 · reducing the Company's share capital by retiring treasury shares held by the Company,
 · issuing securities conferring entitlement to debt instruments (other than the bonds provided for in article L. 228-40 of the French Commercial Code).

ORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

2013

The key figures for fiscal 2013 are shown in the table below:

in millions of euros	2013	2012	Variation 2013/2012
Consolidated revenue	13,049	13,036	+ 0.1%
of which France	*7,432*	*7,363*	*+ 0.9%*
of which International	*5,617*	*5,673*	*– 1.0%*
Current operating profit	417	406	+ 11 M€
Consolidated net profit attributable to the Group	312	302	+ 10 M€
Net cash flow	678	723	– 45 M€
Free cash flow(1)	387	407	– 20 M€
Net cash / (Net debt)	39	(170)	+ 209 M€

(1) Free cash flow is 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 (5 million euros in 2013, 29 million euros in 2012). Free cash flow including purchases of assets attributable to external growth came to 382 million euros in 2013 (378 million euros in 2012).

Revenue for fiscal 2013 totaled 13 billion euros, essentially unchanged from the previous year (+0.1%), against an overall sluggish economic backdrop throughout the majority of the Colas network. Business was up a slight 0.9% in France, whereas business in the International zones dropped 1%. At constant scope and exchange rates, revenue rose slightly (+0.5%). The impact of lower exchange rates for many currencies against the euro amounted to a foreign currency effect of 194 million euros.

The roads sector is down 2%, with stable figures in France and in Europe, and a slight increase in the Rest of the World. On the other hand, North America posted a 5% decrease at constant scope and exchange rates.

Specialized Activities recorded an 8% increase, boosted by the railways sector (+21% at constant scope and exchange rates).

Current operating profit came to 417 million euros, against 406 million euros in 2012, with a current operating profit margin of 3.2% (3.1% in 2012). This trend reflects:

• solid results:
– for Roads in France (revenue is up in Mainland France and French Overseas Departments), in Europe and in the Rest of the World (Africa, Indian Ocean, Asia, Australia),
– for Specialized Activities, with progress in Railways, renewed profitability in Pipelines, and stability in Waterproofing and Road Safety and Signaling;

• a drop in profitability for the roads business in North America:
– a difficult year in the United States: expected recovery did not occur for Colas' road businesses, and problems were encountered on big civil engineering projects,
– volumes dropped off in some of Canada's provinces, compared to the very high level in 2012, and weather conditions were particularly harsh, especially in the West;

• for Sales of refined products, losses were higher than in 2012, due to a sharp drop in worldwide industrial demand against a backdrop of refinery overcapacity.

Net profit attributable to the Group amounted to 312 million euros (302 million euros in 2012), including the following items:

• a non-current expense of 11 million euros attributable to the reorganization of the Group's road business in Mainland France;

• a cost of net debt at 26 million euros, very similar to 2012 (24 million euros);

• a tax expense of 127 million euros (137 million euros in 2012);

• a contribution from equity accounted associates, mainly Cofiroute and Tipco Asphalt (Thai subsidiary), amounting to 64 million euros, compared to 59 million euros in 2012.

Net cash flow was 678 million euros, down slightly from 723 million euros in 2012.

Net capital expenditure(1) came to 291 million euros, compared to 316 million euros in 2012, bearing witness to 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, net income tax, and capital expenditure but before changes in working capital requirements) amounted to 387 million euros, nearly equivalent to 2012 at 407 million euros.

In 2013, Colas pursued a policy of dynamic, targeted external growth, notably by expanding its position to include road construction in Australia and by investing for the first time in Ontario, Canada, where its subsidiary had no previous foothold. In total, net investments in targeted external growth (shares, including assets) came to 102 million euros, against 88 million euros in 2012.

The Group's financial structure is sound, with substantial shareholders' equity totaling 2,534 million euros and net cash at 39 million euros at the end of December 2013, compared to net debt of 170 million euros at the end of December 2012. The 209-million euro improvement is due mainly to strong willed action on working capital requirements.

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 are the Group's core business and account 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.

Every year, Colas performs some 110,000 projects worldwide, the majority of which involve its recurrent core business.

The breakdown of revenue by business segment is as follows:

in millions of euros	2013	2012	Change 2013/2012	At constant scope and exchange rates
Roads Mainland France	5,183	5,187	– 0.1%	– 0.1%
Roads Europe	1,448	1,479	– 2.1%	+ 0.3%
Roads North America	2,422	2,583	– 6.2%	– 4.8%
Roads Rest of the World	1,514	1,486	+ 1.9%	+ 2.0%
Total Roads	**10,567**	**10,735**	**– 1.6%**	**– 0.9%**
Specialized Activities	**2,466**	**2,275**	**+ 8.4%**	**+ 7.4%**
Holding company	**16**	**26**	**ns**	**ns**
TOTAL	**13,049**	**13,036**	**+ 0.1%**	**+ 0.5%**

(1) Excluding purchases of assets attributable to external growth (5 million euros in 2013, 29 million euros in 2012).

ROADS

Roads are the Group's main business activity and accounted for revenue of 10.6 million euros in 2013, representing 81% of the Group's revenue (compared to 10.7 million euros in 2012, i.e. a slight 1.6% drop).

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

• **construction and maintenance of road infrastructure**

Each year, Colas builds and/or maintains roads and highways on roughly 77,000 projects worldwide. The Group 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, metros), recreational amenities (bicycle paths, motor racing tracks, sports facilities), and environmental protection (retention ponds, landscaping, wind farms), etc. The degree of seasonality of this business varies from one country to the next.

This activity also includes small-scale civil engineering and drainage work often linked to road 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 and 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 and maintenance business covers a very large number of mid-sized contracts, but also major projects, which are sometimes carried out with complex contracts such as concessions, PPP/PFI, or MAC (new designation: ASC for Asset Support Contract), e.g., the 25-year PPP for Portsmouth signed in 2004, the PPP for Motorway M6-M60 in Hungary, the Reims tramway build-operate concession that is currently in the operation phase, and more recently:

– multi-year contracts for the management and maintenance of British road and highway networks (MAC contracts);
– the concession contract for Highway A 63 in southwest France. Upgrading and widening work was completed in November 2013, and the section is currently in the operation phase;
– PPP for the Nîmes-Montpellier rail bypass, signed in June 2012;
– PPP for L2 bypass in Marseille, signed in October 2013;
– PPP for the Iqaluit International Airport in Nunavut, Canada, signed in October 2013.

In connection with these activities, Colas sometimes acquires stakes, usually minority interests, in concession companies for highway infrastructure, urban roadways, and urban public transit. As such, Colas owns a 16% stake in the share capital of Atlandes, a concession company that operates Highway A 63 in southwest France.

The road construction business posted revenue of 8,619 million euros in 2013, i.e. 66% 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 707(1) quarries and gravel pits, 138 emulsion and binder plants, 566 asphalt plants, 205 ready-mix concrete plants and 2 bitumen production units. In 2013, the Group produced 100 million tons of aggregates, 1.7 million tons of emulsion and binders, 41 million tons of asphalt mix, 2.8 million cubic meters of ready-mix concrete and 1.0 million tons of bitumen(2). Colas also has 2.6 billion tons of authorized aggregate reserves(3) (equivalent to 29 years of production), as well as 1.9 billion additional tons of potential reserves(4).

Sales of construction materials to third parties accounted for revenue of 1,948 million euros in 2013, i.e. 15% of the Group's total revenue.

Roads in Mainland France

(revenue in 2013: 5.2 billion euros)

In Mainland France, as of January 1, 2013, the Group operates in the roads sector via 7 regional Colas subsidiaries, providing a dense network of profit centers and production sites located across the country (in 2012, there were 16 subsidiaries and 3 brand names). The new organization was successfully rolled out as scheduled.

(1) 2012 data.
(2) This figure reflects 100% of production from the plants in Dunkirk (SRD) and Kemaman (Malaysia).
(3) Authorized reserves (2012 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 (2012 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 the mainland French roads market, 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 also compete 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 businesses 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 2013, roads generated revenue of 5.2 billion euros, a stable figure compared to 2012.

After a first half year marked by particularly unfavorable weather, Colas was able to make up for the time lost during the second half year. The market is characterized by ongoing slumps in business volumes, sharp disparities amongst the regions and amongst urban and rural zones, as well as the shelving of a number of projects. It continues to be highly competitive and prices are stabilized at low levels. The sector did benefit from a slight recovery via a series of private projects. A high level of activity was nonetheless maintained, thanks to public transport projects (tramways, reserved lane bus networks), high quality urban development, and major contracts.

The Atlandes Consortium, led by Colas, completed the upgrading and widening of a 105-km section of Highway A 63 in southwest France in November 2013, some seven months ahead of schedule. Two other major projects in which Colas is playing a significant role – the construction of a high-speed railway for the Nîmes-Montpellier rail bypass, and the construction of the L 2 bypass in Marseille – have been launched and studies are currently under way.

The French road companies were reorganized in record time as of January 1, 2013, and have maintained top notch economic performance. The streamlining project has already yielded considerable productivity gains, notably with improved deployment of equipment and industrial production tools.

A total of 56,000 projects were completed by the roads companies in Mainland France in 2013. The following examples illustrate Colas' broad diversity of know-how and expertise:

Construction, maintenance and renovation of highway networks: refection of an 8.5-km section of Highway A 9 between Saint-Jean-de-Vedas and Montpellier, using mix with 25% reclaimed asphalt pavement; renovation of a 3.6-km section of Highway A 21 in the north of France; refection work on the Sélestat bypass on Highway A 35; rehabilitation of a section of Highway A 36 near Besançon; refection work on Highway A 40 between Toisinges and Bonneville for ATMB (Mont Blanc highway and tunnel concession company); widening to 6 lanes of a section of Highway A 71 between Gerzat and Highway A 75.

Construction, maintenance and renovation of road networks: construction of bypasses for Dijon, Beaumont-sur-Vesle, Retzwiller, Thonon-les-Bains, La Roche-sur-Yon, Étampes; widening Route RN 88 to 4 lanes between Albi and Rodez; doubling Route RD 920 for the Châteauroux bypass; upgrading and expanding Route RD 1206 to 4 lanes in Machilly; rehabilitation of the road surface on a section of Route RN 113 near Arles, on Route RN 205 near Servoz; refection of the road surface on the Grenoble loop, on the northwest loop in Lille; refurbishment of the surface on roads in Haute-Vienne using cold and warm mixes, and in Embrun using environmentally-friendly processes Colasmac® and Valorcol®; application of light-colored asphalt mix in a tunnel in Toulon.

Airports and ports: refection of runway 1 at the Toulouse-Blagnac airport, to make way for A350 jumbo jets; upgrading the inland port in Hautmont.

Urban development projects: continued work on refection and upgrading of the city road network in Le Plessis-Robinson as part of a 20-year PPP; improvements to the Charles III square in Nancy and Capucines square in Marseille, Boulevard Urbain in Vichy; upgrading of the Yonne river banks in Auxerre, and the Sâone river banks in Lyon; refection of the Esplanade des Barques in Narbonne; resurfacing the Promenade des Anglais in Nice, using 3E® warm mix and Rugosoft® skid resistant noise-reducing mix; developing an eco-district in Les Sorgues-du-Comtat.

Public transport: construction and/or extension of tramway lines in Besançon, Toulouse, Bordeaux, Tours, Grenoble, Valenciennes, Clermont-Ferrand, Lyon, Le Mans; road works as part of Bus Rapid Transit projects in Marseille, Saint-Brieuc, Nantes, Nancy, Metz, Annemasse, Belfort; construction of a bus lane to access the Lumières de Lyon stadium in Lyon; supply and application of asphalt mix for the ballast track on the East-Europe high-speed train line.

Logistics, commercial, industrial facilities: earthworks, networks, and main services for Alstom's offshore wind turbine nacelle plant in Saint-Nazaire, for an aviation equipment manufacturer in Commercy, for a helicopter blade manufacturer in Dugny; drainage, networks, main services for Eurocopter in Saint-Denis; construction of a multimodal hub in Longueil-Sainte-Marie, as well as a logistics hub in Lauwin-Planque and commercial facilities in Heudebouville including 210,000 m³ of earthworks and 165,000 m³ of treated fill, shopping malls in Mont-de-Marsan, Saint-Gaudens, Meaux, Bayonne; construction of a platform for the new Exhibit Hall in Nantes.

Environment: work on 14 wind turbine parks in Nord-Picardie, wind turbine platforms in Montoir-de-Bretagne; earthworks for landfill cells in Grenay.

Miscellaneous: construction of practice track at the Paul-Ricard Motor Racing Circuit in Castellet; construction of a Nascar track in Tours; construction of a school in Pierrefitte; rehabilitation of a residential building with 180 occupied apartments in Neuilly-sur-Marne; deconstruction of power plant in Ambès.

Roads in Europe

(revenue in 2013: 1.45 billion 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 road sector. 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 1.45 billion euros in 2013, down 2% from 2012 but stable at constant scope and exchange rates (+0.3%).

IN NORTHERN EUROPE

In northern Europe, revenue came to 951 million euros in 2013, a slight 2% drop from 2012, but stable at constant scope and exchange rates in spite of very unfavorable weather.

In **Great Britain**, despite a highly competitive market and a tighter hand on public spending, Colas Ltd had a good year with revenue on the rise, thanks to its diverse portfolio of business activities combining long-term maintenance contracts (MAC and PFI), industrial operations (production of emulsions), and an airport maintenance service. Highlights of 2013 include the launching of the Transport For London contract (mobilizing resources and studies).

In **Ireland**, the economic environment remained difficult, yet Colas companies recorded an increase in their revenue figures thanks to a strong foothold in their market and a strategic repositioning in more complex markets (MAC maintenance contract in partnership with Colas Ltd).

In **Belgium**, Colas companies saw business drop more than 10%, in the wake of local government budget cuts, notably in Flanders, in addition to poor weather during the first half year.

In **Switzerland**, revenue was stable in a less buoyant market and lower prices.

In **Denmark**, revenue increased slightly from 2012, boosted by government investments in road infrastructure.

IN CENTRAL EUROPE

In central Europe, Colas consolidated its positions in contrasting markets, redeployed in potential high-growth regions, developed business with private clients, continued to streamline its industrial tools, pursued its cost-cutting drive, and sharply increased its work-on-hand while carefully selecting the projects on which to bid. Revenue was stabilized at 497 million euros after several years of decreases.

Business is up in **Hungary**, boosted by a recovery in the road market and contracts secured by Colas companies to build highway sections and rebuild a tramway line in Budapest. In **Croatia**, which became a member of the European Union in July, business is up. In **Slovakia**, business remained weak, but an important contract to build a section of Highway R 2 was won at the end of the year. In the **Czech Republic**, despite a significant downturn in the market, the subsidiary still posted a slight increase in its business figures. In **Poland**, after the Euro 2012 soccer championship, public contracts have fallen off sharply and no longer offer an opportunity for profit. The subsidiary chose to accept a marked drop in revenue, and refocused on the private sector. In **Romania**, business was voluntarily narrowed down to the production and sales of construction materials.

Highlights of the most significant projects completed or under way in 2013 in Europe, one can cite: in Great Britain, launching renovation and maintenance work on streets in the center of London in the framework of an 8-year contract, and a runway extension at the Birmingham Airport, including the bypass of Highway A 45; in Ireland, maintenance work on a 253-km network as part of a 5-year joint venture, renewable twice for one year; in Belgium, rehabilitation and widening to 6 lanes of a 21-km section of Highway E 42 between Sambreville and Daussoulx; in Switzerland, rehabilitation on Highway A 16 on a 6-km section between Bure and the Creugenat viaduct; in Denmark, refection of a runway at Aalborg Airport; in Hungary, launching the construction of two sections of Highway M 85 and, in Budapest, completion of the widening to 6 lanes of the MO Ring Road and the reconstruction of tramway line 1; in the Czech Republic, refection of two sections of Highway D 1 for a total length of 18 km; in Croatia, construction of the Place interchange.

Roads in North America

(revenue in 2013: 2.4 billion euros)

The Group operates in 27 US States as well as seven Canadian provinces and territories (Quebec, Alberta, British Columbia, Yukon, the Northwest Territories, Saskatchewan, and since 2013, Ontario). 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., CRH, Holcim, Hanson Heidelberg, Lafarge).

In North America, the roads business accounted for revenue of 2.4 billion euros in 2013, down 6% from 2012 (–5% at constant scope and exchange rates).

In the **United States**, revenue is down 2% on a like-for-like basis. The road market did not benefit from the expected recovery, despite an economy on the upswing and a multi-year federal road infrastructure plan. Strong market disparities appeared (solid recovery in California, recession in Arkansas and Georgia). In addition, difficulties were encountered on major civil engineering projects. Against this backdrop, Colas Inc. and its companies had a very bad year. However, at the end of the year, boosted by a gradual economic recovery and State tax hikes earmarked to fund new infrastructure projects, work-on-hand improved considerably.

In **Canada**, revenue is down 8% at constant scope and exchange rates, due to particularly bad weather during the first half year, notably in the West, to the comparison with historically high levels of business recorded last year, and to infrastructure budget cuts in certain provinces, in particular Quebec, as well as Alberta. One of the year's highlights was the new foothold in a province with strong economic potential, Ontario, via the acquisition of an asphalt mix and road construction specialist, Furfari Paving. Colas also secured a PPP contract, as part of a consortium, to upgrade the Iqaluit International Airport in Nunavut.

Among the most significant projects completed or under way in 2013 in North America, one can cite:

• in the United States: the widening to 6 lanes of an 8-km section of Interstate 57 in Williamson County, Illinois; the refurbishment of a section of Interstate 71 in Ohio; upgrading to current highway standards of a four-lane section of Interstate 75 in Macon, Georgia; widening a 6.5-km section of Union Cross Road in North Carolina; widening a section of Seward Highway in Alaska to 5 lanes; reconstruction of a roundabout in Cheyenne, Wyoming: reconstruction of East Genesee Street in Syracuse, New York; rehabilitation of a pedestrian zone in downtown Winchester, Virginia; construction of a container storage zone in the Port of Los Angeles, California;

• in Canada: upgrading Route 185 to Highway 85 between Dégelis and Témiscouata-sur-le-Lac, construction of a viaduct on Highway 55 in Bécancour, and surfacing, signs and signaling on a 70-km access road to the Romaine hydroelectric project in Quebec; construction of an access road to Fort McMurray Airport, and surfacing in a road tunnel under a runway at the Calgary Airport in Alberta; several urban renewal projects in Mississauga, in Ontario; supplying 140,000 m^3 of ready-mix concrete to an aluminum plant in Kitimat, and 80,000 m^3 for the Waneta Dam, in British Columbia; road refurbishment in Yellowknife in the Northwest Territories.

Roads in the Rest of the World

(revenue in 2013: 1.5 billion 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 Pacific Rim);

• in Asia/Australia, where the production, storage, transformation, distribution, and sale of petroleum products are 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 units. In Australia, business has expanded to include road construction with the acquisition of Tropic Asphalts. In New Caledonia, Colas and its subsidiaries operate in the road sector, building, aggregates, and ready-mix concrete.

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 2013, the roads business in the Rest of the World accounted for revenue of 1.5 billion euros, up slightly at 2% from 2012 (+2% at constant scope and exchange rates), a trend that reflects dissimilar situations.

FRENCH OVERSEAS DEPARTMENTS

Revenue in 2013 was up 6% in the French Overseas Departments at 472 million euros.

Business activity was down in the **French Caribbean** and **French Guiana** in the wake of budget cuts. The works sector was streamlined to make for a better fit with the market while the materials business remained down due to low demand.

Inversely, Colas companies in **Reunion** and in **Mayotte** enjoyed a slight recovery, both in roads and in building, along with two major construction projects in Mayotte involving the Majicavo prison and the extension of the Longoni power plant.

In the French Overseas Departments, highlights of 2013 include redesign work on a boulevard as part of a reserved lane bus network project in Martinique; reinforcement and widening of runways at the Roland-Garros Airport and the Saint-Joseph bypass in Reunion; extension and renovation as part of a design-build project for the Majicavo prison in Mayotte.

AFRICA AND THE INDIAN OCEAN

In Africa and the Indian Ocean, revenue totaled 535 million euros in 2013, down 8% from 2012.

In **Morocco**, business dropped sharply, due to a sluggish road market and the completion of major projects at the end of 2012 (earthworks for the Tangiers-Kenitra high-speed train line, the Casablanca tramway, a platform for the Renault Tangiers plant). A wide-sweeping restructuring effort was undertaken at the beginning of the year, with positive impact on the second half-year.

In **West Africa**, revenue has increased, reflecting different realities in different countries: **Gabon** had a good year, thanks to work accomplished for large multinational corporations and private sector clients; business in **Benin**, **the Republic of Côte d'Ivoire** and **Burkina Faso** benefitted from a recovery during the second half year.

In **southern Africa**, in a region where the economy and demographics are dynamic and infrastructure needs are high, the emulsion production and sales business is stable. Revenue is down slightly in **South Africa**, Colas' main foothold in the zone, due to very harsh weather and a series of strikes. In **Namibia, Zambia, Botswana,** business increased sharply. Activity at the South African subsidiary Dust-A-Side, specialized in services to mining companies, was marked by a slump in the mining market.

Revenue increased in **Madagascar,** boosted by business focused on services to mining companies and by ongoing road projects. Colas continues to operate in the **Comoros.** In **Mauritius,** revenue is down, with the completion of major projects.

Among the major projects in Africa and the Indian Ocean in 2013, one can cite: cold retreatment of a section of Route RN 1 in Kenitra and urban development work on streets in the seaside resort of Saidia, in Morocco; construction of a runway at the Torou Airport in Benin; rehabilitation of a 20-km section of the North Highway in the Republic of Côte d'Ivoire; widening and rehabilitation of a 20-km section of Route RN 1 in Gabon; completion of the refurbishment of a 52-km section of Route RN 43 and construction of storage platforms in the Port of Toamasina in Madagascar; construction of an extension of Route RN 32 on the island of Mohéli in the Comoros; construction of a 4 to 6 lane, 15-km section of road between Terre-Rouge and Verdun in Mauritius.

ASIA/AUSTRALIA/NEW CALEDONIA

In Asia/Australia/New Caledonia, revenue is up 10% from 2012, at 507 million euros, a figure that was negatively impacted by unfavorable exchange rates. Excluding New Caledonia, which became part of this zone in 2013, business grew 12% at constant scope and exchange rates.

In **Asia,** Colas' bituminous products business recorded a slight drop in **Indonesia,** while it gained ground in **Vietnam.** In **India,** where the Group has launched a micro-surfacing business, sales volumes of emulsion and revenue are both on the rise. In **Thailand,** Tipco, a Thai company in which Colas holds a 32.1% stake, saw its business drop slightly in the local market, but continued to benefit from strong demand across rest of the Asia/Australia zone. As a whole, business has progressed throughout the zone.

Australia recorded a sharp increase in its business, boosted by good production levels at the modified bitumen plant in Melbourne it commissioned at the end of 2012, by the launching of bitumen imports in Sydney, and by the acquisition at the beginning of the year of Tropic Asphalts, a company specialized in asphalt mix production and road works. Tropic Asphalts' integration in the Group went smoothly.

In **New Caledonia,** the roads and building activity was marked by a sharp decrease due to a poor economic environment.

Major projects in 2013 in Asia/Australia/New Caledonia included maintenance work as part of a long term contract on the Bengkalis provincial road on Sumatra Island in Indonesia; the supply of modified binders and bitumen for the Phu Bai International Airport in Hui and Tam Son Nhat International Airport in Ho Chi Minh City and for two highways in Vietnam; the refection of runways at Broome Airport in the northwest and Hobart Airport in Tasmania, and surfacing at the Kempsey bypass, including the country's longest bridge, in Australia.

SPECIALIZED ACTIVITIES

Specialized Activities, which complement the roads business, posted revenue of 2.5 billion euros in 2013, up 8%, amounting to 19% of the Group's total revenue.

This growth mirrors different situations across the various lines of business.

Railways

(revenue in 2013: 767 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, metros) 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).

The Railways units operate in France and around the world, notably in the United Kingdom, as well as in Belgium, Romania, Venezuela, Chile, Egypt, Algeria, Tunisia, 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 2013, Colas Rail posted revenue of 767 million euros, a sharp 19% increase from 2012 (+21% at constant scope and exchange rates). This growth came as expected from business in France and around the world.

In France, business activity benefitted from the pursuit of numerous tramway projects, a good level of conventional renovation and maintenance works on the national rail network (e.g., multi-year fast track renewal contract), and the expansion of its maintenance and repair of railway equipment activity. The freight business is also on the rise, despite a downward trending market.

In the United Kingdom, work continued on the renewal and maintenance of railway networks under long-term contracts and Colas Ltd signed a six-year contract with Network Rail at the end of the year. In the Rest of the World, revenue gained considerable ground, with in particular the construction of line 2 of the Los Teques, Venezuela metro and the extension of the Kelana Jaya light metro in Malaysia.

In 2013, Colas Rail secured a number of important contracts outside of France, thanks to a development strategy focused on targeted geographic zones and types of work.

In addition to the international contracts acknowledged above, 2013 saw a number of major projects, including in France the construction and extension of tramways in Besançon, Valenciennes, Clermont-Ferrand, Grenoble, Toulouse, Tours, Lyon, Le Mans, Bordeaux, Marseille, the completion of a renovation project on the Gisors-Serqueux train line, the Montceau-les-Mines-Paray-le-Monial train line, and electrification for a design and build contract on a 70-km section of track on the Valence-Moirans line as part of an upgrade project on the Sillon Alpin Sud network.

Waterproofing

(revenue in 2013: 672 million euros)

Waterproofing business activities, performed by Smac and its subsidiaries, include:

• the production and sale of waterproofing membranes (22.1 million m² in 2013) 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, Chile and Peru, of 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) and road work and other mastic asphalt street-level construction.

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 2013, Smac held up well in a sluggish building market in France, posting revenue at 672 million euros, up 4% from 2012 (+3% at constant scope and exchange rates), despite unfavorable weather for the works units in France during the first half year and a slight drop in industrial activity. Volumes of work and industrial production are similar to the previous year but competition became increasingly tight as the year went on.

Among the highlights of 2013, one can cite the supply of 28,000 m² of Coletanche® waterproofing membrane for a water reservoir in Los Angeles, California, siding and cladding on the Rhône Departmental Archives Building in Lyon, France, building envelope of the Kerlys technology pole in Martinique, roofing, siding and cladding on a shopping center in Villeneuve-la-Garenne, France.

Sales of refined products

(revenue in 2013: 487 million euros)

The Société de la Raffinerie de Dunkerque (SRD) makes bitumen from a raw material called reduced crude oil for the production of paving materials and waterproofing membranes, as well as base oils, paraffin, and fuel oils used by non-road industries. As of January 1, 2013 Colas operates the commercial end of SRD's production alone. Within Colas, a special Bitumen division is responsible for selling the bitumen internally to the Group's Mainland France and northern European road subsidiaries, as well as to Smac (waterproofing), and for selling the other products to third-party clients (base oils, paraffin, and fuel oils). In 2013, SRD produced 294,000 tons of bitumen (249,000 tons in 2012), 258,000 tons of base oils (251,000 tons in 2012), 304,000 tons of fuel oils (334,000 tons in 2012), and 48,000 tons of paraffin (53,000 tons in 2012).

In 2013, revenue from this business, coming mainly from sales to third parties of refined products other than bitumen, amounted to 487 million euros, up 13% from 2012, a rise resulting from the mechanical increase of volumes sold since the processing contract with Total, pursuant to which Total commercialized 40% of SRD's production, came to an end on January 1, 2013. The increase is limited due to the fact that prices have dropped sharply in the wake of a global slump in base oil demand, which has collapsed as a consequence of the world economic crisis given that the industrial production units which use these oils are operating in a recession environment.

Road Safety and Signaling

(revenue in 2013: 337 million euros)

The 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 (traffic lights and equipment for toll booths, parking lots and access control).

Most of this business is in France but some is conducted in international markets, 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 Girod and Lacroix in the sign sector.

In 2013, Aximum posted revenue at 337 million euros, a 3% drop (–9% at constant scope and exchange rates, given in particular that the company SES Nouvelle is now fully consolidated). The market was witness to a drop in public investment, especially in new construction projects in France. Aximum's industrial activities are organized in two sectors: road safety (marking, guard rails, safety equipment) and signs and traffic management (signing and light-signing, traffic lights). The Works and Services sector, which has been reorganized with a focus on improving decentralization, via seven regional locations and two specialized agencies, has improved its performance, despite a drop in revenue and very tough competition. Business at SES Nouvelle was in line with targets. The sharpest drop was recorded in the signing and traffic management sector.

The most significant projects undertaken in 2013 include the refurbishment of safety equipment on a 10-km section on Highway A 6 under very heavy traffic; the dismantling and supply of guardrails, road marking, and signaling on a 6-km section of Highway A 75; installation of guardrails, signs and road marking on the Sélestat bypass on Highway A 35; installation of safety equipment upstream and downstream from engineering structures on a 40-km section of the Tours-Bordeaux high-speed train line; road marking and sign maintenance for the City of Paris as part of a contract that was renewed for four years; maintenance of traffic lights in Bordeaux; ongoing work on a ten-year Energy Performance Contract with the City of Paris for public lighting and traffic lights.

Pipelines

(revenue in 2013: 203 million euros)

The Pipeline business (Spac and its subsidiaries) involves the installation and maintenance of large-diameter and smaller pipelines designed for the transport of fluids (oil, natural gas, water), including the construction of turnkey gas compression stations, and dry networks (electricity, heating, telecommunications), as well as small scale civil engineering and industrial services.

This business is mostly conducted in France.

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

Spac posted sales of 203 million euros in 2013, essentially unchanged from 2012, which was one of its targets. The focus in 2013 was placed on reorganization and proper project management, in particular on major contracts. The subsidiary endeavored to concentrate on its areas of expertise, most notably natural gas and oil transport projects, particularly laying pipelines, rather than on complex contracts. Spac's drive to expand out into the export market saw its first success with a contract secured in Gabon in synergy with the road company Colas Gabon. These actions allowed the Company to pave its way back to profits. Important contracts were secured (Artère des Hauts de France II and Arc de Dierrey for GRT Gaz).

Some of the most significant projects include the installation of 88-km of pipeline for GRT Gaz as part of the Hauts de France II project in northern France; installation of pipeline for Rubis in Dunkerque; the refurbishment of pipelines for SPSE in Port-de-Bouc; the France-Spain overhead power line network for Prysmian; heating network for Dalkia in Les Ulis; installation of water and sewer networks for a business park in Châteauroux.

COFIROUTE

Cofiroute is a highway concession company that operates a 1,100-km network in northwest France along with the A 86 Duplex tunnel west of Paris. Colas, a founding stakeholder since 1969, held 16.67% of Cofiroute's share capital. Following an agreement signed on December 20, 2013, Colas sold its stake on January 31, 2014 to Vinci Autoroutes.

In 2013, against an economic backdrop that remained fragile, traffic on the highway network enjoyed a modest recovery, as traffic at constant network scope recorded a 0.23% increase over 2012, with a slight 0.4% increase for passenger vehicles, and a slight 0.5% drop in heavy goods vehicle traffic. The A 86 Duplex tunnel continued to gain ground.

TECHNIQUES, RESEARCH AND DEVELOPMENT

Research has been a pillar of Colas' strategy from the very start.

With a portfolio of over 120 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 public- and private-sector customers, users and local communities, in terms of cost-effective quality, safety, comfort and environmental protection (saving materials and energy, reducing carbon impact, reducing traffic noise, and improving esthetic integration). Colas is working to improve existing techniques, design new products and broaden its range of services. The development of Colas' R&D know-how reflects the Group's more recent development in new activities, such as the bitumen sector and complex PPP-type projects, for which the required maintenance and service upgrades demand high-level expertise in existing transport infrastructure. Efforts to enhance the Group's skills are particularly focused on mineral, organic and plant chemistry, road and rail infrastructure design, and applied physics.

In 2013, the Group's once again adapted its research programs to meet the needs of its rapidly changing markets, as seen in France with the "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 its drive to support innovation in the road industry.

A NETWORK OF TECHNICAL 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 in the world with eight laboratories. The men and women at the CST 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.

At Colas, there are some fifty regional 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, which are renewed on a regularly basis, to meet evolving technical challenges, regulatory requirements and customer needs. This includes equipment for materials analysis, risk assessment and simulation software, and equipment to assess and survey the condition of the road, recently 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 technical engineering and design offices.

FOCUSING ON RESPONSIBLE DEVELOPMENT

Colas' Research & Development and Technical teams focus on the following responsible development techniques.

Saving energy and materials, reducing carbon impact

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

• **lowering asphalt mix and mastic asphalt manufacturing 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 used materials,** such as reclaimed asphalt pavement, to make new asphalt mixes (3E®+R mixes which have been certified by the French Ministry of Ecology, Sustainable Development and Energy 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 a Sustainable Development Innovation Award and is currently used in several Innovation Charter pilot projects. In 2013, nearly 200,000 m² of Colgrill® R were applied in Mainland France.

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 carbon 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®, Rugosoft®, Microville® HP, Picoville®, 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 surfacing that uses light colored binders such as Bituclair® and translucent plant-based binders such as Vegecol® 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.

In particular, Colbifibre®, which won the 2012 Innovation Award from the French Ministry of Ecology, Sustainable Development and Energy, has been designed to keep older roads in service longer and postpone structural reinforcement work. In 2013, some 150,000 m² of Colbifibre® were applied in Mainland France.

In 2013, Colas won the French Ministry of Ecology, Sustainable Development and Energy's Innovation Award for Sacerlift®, a process designed to maintain paving stones and mineral surfaces.

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

In 2013, teams at the Campus for Science and Techniques put a special focus on light-colored binders containing bio-sourced ingredients, as well as reducing asphalt mix manufacturing temperatures for asphalt mixes and cold techniques for heavy traffic.

In addition, following the reorganization of the roads business in Mainland France, during which the three road brands – Colas, Sacer and Screg – all came together under the Colas banner, the product portfolio was redesigned to harmonize and rationalize the offering, while retaining the wealth and richness of the range, which today boasts some 50 products.

PROMOTING SPECIAL PRODUCTS AND TECHNIQUES AROUND THE WORLD

In 2013, Colas international and French overseas subsidiaries used the Group's special products and processes in numerous projects:

- in **Belgium,** the first trials involving foam bitumen warm mixes were launched;
- in **Denmark,** Vegecol® plant-based binder was used in surface dressings, and in Denmark and in **Iceland,** animal-oil flux was used in fluxed bitumen surface dressings;
- in **Switzerland,** Nanosoft® last generation noise reducing mix continued to gain momentum and the Valortiède® recycling process with Vegeflux® binder was developed;
- in the **United Kingdom,** a new kerosene resistant micro-surfacing was used for the first time on airport projects;
- in **Austria,** Bituclair® light colored binder was used;
- in **Croatia,** the first micro-surfacing project was completed and reclaimed asphalt pavement mix with CWM® additive was employed;
- in **Hungary,** warm foam mixes were used (37,700 tons in 2013);
- in the **Czech Republic,** Microville® noise-reducing mix was used again and Bituclair® light colored binder was developed;
- in the **United States,** Ecomat® warm foam asphalt mix continued to gain ground, and now accounts for 36% of the total tonnage of mixes used in 2013; RAP (reclaimed asphalt pavement) mixes represented 22% of total mix tonnage, and 3.6 million m² of FiberMat® crack resistant surface treatment were applied;
- in **Canada,** the use of warm foam asphalt mixes continued to develop, along with Vegeflux® plant-based flux to regenerate surfaces and recycled materials, and FiberMat® crack resistant surface treatment was applied on 630,000 m² of low traffic roads; work continued on a joint project with the Colas Campus for Science and Techniques, ColasCanada and Colas Australia to develop a colored, reflective asphalt mix designed to reduce the heating that leads to permafrost thaw in the Canadian North;
- in **Guadeloupe,** 25% RAP mixes were used in a project for the Port Authorities;
- in **Martinique,** warm mixes continued to gain ground;
- in **South Africa,** Dust-A-Side designed a special emulsion which can withstand the extreme weather conditions encountered on a mining site in the Andes in Chile;
- in **Mayotte,** warm mix with CWM® accounted for 100% of the production at the Majicavo mixing plant;
- in **Reunion Island,** 20% RAP mix was used in base courses and 10% RAP mix was used in the wearing courses for runways and taxiways at the Gillot Airport;
- in **Madagascar,** special modified bitumen mixes were employed;
- in the **Pacific Rim,** teams in New Caledonia treated soils with hydraulic binders and emulsion;
- in **India,** 350,000 m² of micro-surfacing were completed;
- in **South Korea,** quick setting Colquick® cold mix was employed.

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 and housing 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 own 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 stakeholders including residents, elected officials and local government. In addition, Colas makes no compromises when it comes to ethics, which are an intangible Group principle and an integral part of internal control procedures.

Colas' scope for action may be more limited in relation to its five major targets, even though some 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 the network of 1,700 materials production sites and work centers referenced in the non-financial reporting software.

This motivation is also reflected in the wide variety of outreach actions the Group's subsidiaries and local operating units undertake in their own communities. The vision of Colas' business activities is thus enriched and transformed by the collective appropriation of CSR(5).

As far as the dialogue with non-contractual stakeholders is concerned, Colas maintains a strong local presence through a variety of exchanges with neighboring residents, local governments, schools, the social sector, etc. Few issues justify a global and international approach. To date, the sole relevant issue at the Group level involves bitumen fumes, and Colas plays a major role in communicating with customers, scientists, employees, government labor departments and workplace health bodies(6). 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(7) and COS at the FRB(8). 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 Colas' 775 legal entities, a number of structural changes in the software and improvements in the use of this tool and the reliability of the data obtained were made in 2013 so as to define and monitor all indicators as accurately as possible(9). 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 2013 and the procedures used to collect these data were verified and certified by Ernst & Young on February 24, 2014.

CSR REPORTING(10)

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 reports its relevant employee, social and environmental information in its 2013 management report. Three types of information are provided in this document, each of which is identified as either an "indicator" with a "comment", "other substantiating items" (when no indicator is provided) or "qualitative information" (when the subject dealt with requires an explanation).

I – Employee information

Employee indicators are calculated on the basis of a classic calendar year from January 1 to December 31. For 2013, information was collected between December 31, 2013 and January 8, 2014 (December 20, 2013 for two indicators consolidated under the World scope: Existence of a training plan, and Existence of a staff representative body).

The scope of companies considered in the calculation of employee indicators is a subgroup of the financial scope of consolidation: equity-accounted associates are excluded from this subgroup.

For 2013, the calculation rules for employee indicators were the following:

- fully consolidated companies are 100% consolidated;
- proportionately consolidated companies are 100% consolidated if the percentage owned is above 50%; the rest are excluded from the scope;
- equity-accounted associates are not consolidated.

(5) Corporate Social Responsibility.
(6) See section on "Operational risks" (p.39).
(7) *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).
(8) *Comité d'orientation stratégique* ("Strategic steering committee") at *Fondation pour la recherche sur la Biodiversité*, the French foundation for biodiversity research.
(9) www.colas.com.
(10) Article 225 of French law no. 2010-788 on July 12, 2010.

When they were recalculated, data for 2012 were processed according to the rules described above.

Colas makes the scope of its employee reporting as wide as possible in order to faithfully reflect the activities of its companies in France and around the world.

The indicators that correspond to standards shared by all the other countries in which Colas operates are consolidated under the World scope.

This involves the following indicators:

• with regard to employment: Workforce, Breakdown of Men/Women, Recruitment;

• with regard to health and safety: Frequency rate and Severity rate of workplace accidents;

• with regard to labor relations and promoting compliance with the International Labor Organization's fundamental principles: Existence of an elected or designated staff representative body, recognized as an interface for dialogue between management and local staff;

• with regard to training: Existence of a document that lists planned training initiatives and monitors their completion over the current calendar year.

In 2014, when it publishes its 2013 information, Colas will expand the last two indicators, publishing them under the World scope for the first time.

The following indicators are consolidated under the France scope because they correspond to definitions specific to France that come from the French Labor Code. Conversely, in all the other countries where Colas operates, reporting is linked to the country's management and governance mechanisms, which are themselves the products of local legislation. For example, in the United States there are no legal obligations regarding the hiring of disabled employees, as there are in France. Given these legislative differences, the reporting scope for the following indicators is currently limited to France:

• with regard to employment: Number of dismissals, Average annual wages by status, Workforce by age bracket;

• with regard to organization of work: Work time regimes, Absence rate;

• with regard to labor relations: Participation in employee elections, Number of collective bargaining agreements negotiated;

• with regard to health and safety: Number of employees recognized as suffering from an occupational illness;

• with regard to training: Number of apprenticeship contracts, Number of vocational training contracts, Portion of payroll earmarked for training, Average training days per employee per year;

• with regard to equal treatment: Number of employees with disabilities, Number of employees with disabilities recruited, Revenue with companies that employ the disabled (*ESAT* or *Entreprises adaptées*).

Regarding employee information that is today limited to the France scope, Colas is committed to extending the publication of this information to the World scope, and to defining a consolidated reporting system adapted to the different countries in which Colas operates over the years to come, with the first extension due to appear in the upcoming 2014 report, to be published in 2015.

HR indicators are consolidated by Colas corporate head office:

• according to the definitions found in the Bouygues Group's social reporting protocol;

• according to the Colas Group social reporting procedure;

• using information systems (HRA/BO, Reporter, Acciline, Popei, Election Bouygues software, HRA training assessments) and information from Excel files for information not present within an information system shared by all Colas entities in France and in the Rest of the World, as defined in the Company's process.

A. EMPLOYMENT

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

Indicator

Scope: World	2013	2012(1)
Workforce by geographical location		
France	36,862	37,432
International, including:	24,004	23,704
Europe	9,361	9,067
Indian Ocean/Africa/Middle East	7,588	8,102
North America	4,882	5,290
Asia/Pacific	1,654	1,305
Central America/South America	519	
TOTAL	60,866	61,167

(1) The 2012 data have been restated to enable comparison between 2012 and 2013. The scope of the workforce calculation rules was defined in 2013 according to the consolidation rules specified in the general introduction to section I "Employee information". The workforces of equity-accounted associates, as well as those of proportionally consolidated companies, as long as the percentage of ownership does not exceed 50%, are now excluded from the scope.

Comment

Colas' global workforce as of December 31, 2013 was practically equivalent (–0.5%) to that of December 31, 2012, consistent with business activity.

In France, the workforce:

• decreased by 2.6% in Mainland France, where road work varied across regions and between major urban centers and rural areas;

• increased by 3.8% in France's Overseas Departments, which experienced a slight recovery;

• remained steady in Specialized Activities, with the exception of the Railways business, which grew.

The workforce is comprised of 58% workers; 26% office staff, technicians and supervisors; and 16% managers. Furthermore, the number of temporary staff remained stable.

Outside of France, the workforce has grown slightly (+1.3%), but with variations that reflect the change in business in each region:

• slight increase in Europe, related to the launch of new construction projects (+3.2%);

• decrease in Indian Ocean/Africa/Middle East (–6%), notably due to market contraction and the end of major road construction projects in Morocco, Benin and Mauritius;

• decrease in North America (–8%), particularly due to the market downturn;

• growth in Asia/Pacific (+27%), linked to business development in Australia and a major rail construction project in Malaysia;

• the workforce in South America concerns the waterproofing business in Chile and a rail construction project in Venezuela.

Indicator

Scope: World	2013	2012
Number of women in workforce		
France(1)	**8.5%**	**8.4%**
Managers	14.1%	12.9%
Office staff, technicians and supervisors	23.1%	23.0%
Workers	0.5%	0.6%
France(1): Female team leaders(2)	**4.8% (1)**	**6.3%**
International	**10.9%**	**10.9%**
Staff	25.9%	22.6%
Workers	3%	6.5%

(1) Fixed-term and permanent contracts.
(2) In 2013, the "Female team leader" workforce was defined based on employment code criteria.

Comment

The proportion of female employees remained stable compared to 2012, increasing slightly in France to 8.5%, and remaining steady outside France (10.9%). In France, the proportion of female managers (14.1%) was up.

Indicator

Scope: France(1)	2013	2012
Workforce by age bracket		
< 25 years old	6.2%	6.6%
25-34 years old	23.9%	23.9%
35-44 years old	26.6%	27.3%
45-54 ans	29.6%	29.1%
55 years old and older	13.7%	13.1%

(1) Fixed-term and permanent contracts.

Comment

The distribution of ages is relatively even. The breakdown between age brackets has changed little.

A.2: HIRING AND DISMISSALS

Indicator

Scope: World	2013	2012(1)
External recruiting by status(2)		
France	**2,310**	**2,748**
Managers	291	502
Office staff, technicians and supervisors	289	493
Workers	1,730	1,753
International	**10,883**	**10,377**
Management	1,742	1,572
Workers	9,141	8,805
TOTAL	**13,193**	**13,125**

(1) The 2012 data have been restated to enable comparison between 2012 and 2013, following changes to the calculation rules in 2013 (protocol and procedure referenced in the general introduction to section I "Employee information").
(2) In France, only permanent contracts are recognized. In the Rest of the World, the total number of employees hired over the year is recognized, regardless of the nature of the employment relationship (without any distinction between the arrival of a permanent employee and that of a seasonal employee).

Indicator

Scope: France	2013	2012(1)
Number of dismissals	1,445	1,057

(1) The 2012 data have been restated to enable comparison between 2012 and 2013, following changes to the calculation rules in 2013 (protocol and procedure referenced in the general introduction to section I "Employee information"): all dismissals are recognized, regardless of the grounds for dismissal, including those resulting from the end of work on a site (only permanent contracts).

Comment

Recruitment remained robust.

In France, recruiting volume was down 16% compared to 2012. The aim was to control workforce volume while continuing to renew know-how and managers. Worker recruitment remained at a high level. Recruiting young graduates remained central to the Group's strategy, based on its proactive internship policy (1,544 interns in 2013). Colas continued its recruitment campaign across the Web and social networks, buoyed by flagship events like the "THE Stagiaire" video contest and the Angry Roads engineering school face-off. Colas also posts a large number of internship offers and job listings on the main social networks (Facebook, Twitter, LinkedIn and Viadeo). New partnerships with schools were signed in 2013.

Thanks to these initiatives in particular, in 2013 Colas made the most rapid strides of the year in the Universum "Ideal Employer" ranking for engineering students, moving up 18 places on the list, and joined the Top 10 large companies preferred by interns in the "Happy Trainees" ranking.

At the international level, hiring volume is up 4.7% compared to 2012 and remains high. A number of initiatives have been carried out to strengthen ties with schools, attract interns and raise awareness among students.

In France, the number of dismissals came to 1,445 people, of which 782 terminations were due to the end of construction projects (625 in France's Overseas Departments) and 15 departures related to a corporate restructuring plan in Martinique. In proportion to the workforce, this number remains low, although it has increased since 2012.

A.3: COMPENSATION AND CHANGES IN COMPENSATION

Indicator

Scope: France(1) (in euros)	2013	2012(2)
Average annual wages by status (in euros)		
Managers	60,269	59,686
Staff, technicians and supervisors	34,663	33,803
Workers	24,682	24,143

(1) Permanent contracts.
(2) The 2012 data have been restated to enable comparison between 2012 and 2013, following changes to the calculation rules in 2013 (protocol and procedure referenced in the general introduction to section I "Employee information").

Comment

In France, average annual wages increased for all employee categories: +2.2% for workers; +2.6% for office staff, technicians and supervisors; and +1% for managers. In June 2013, Colas renewed the incentive agreement put in place with union organizations in 2010, associating employees in the Company's results. Employees are also party to a profit-sharing agreement and a Company Savings Plan.

B. ORGANIZATION OF WORK

B.1: ORGANIZATION OF WORKING TIME

Indicator

Scope: France(1)	2013(2)
Working time arrangements of employees	
Hourly	84.4%
Fixed number of days worked	15.6%

(1) Fixed-term and permanent contracts.
(2) No prior data available. Only the 2013 data have been published since the rules for defining working time arrangements were modified in 2013 (protocol and procedure referenced in the general introduction to section I "Employee information").

Comment

The organization of working time preferred by Colas consists in annualization and a fixed number of days worked. Annualization, combined with the working time modulation plan applying to workers, means that work can be organized according to the seasonality of the business, while rewarding overtime. The plan based on a fixed number of days worked applies to managers. In 2013, during negotiations on standardizing the employment status of employees across the seven road construction subsidiaries in Mainland France, special focus was placed on the organization of working time.

B.2: ABSENCES

Indicator

Scope: France(1)	2013	2012
Absence rate	4.11%	4.16%

(1) Permanent contracts.

Comment

This indicator is calculated based on all employees with permanent contracts. It measures the number of consecutive days off following workplace accidents, commuting accidents, illness or occupational illness, in proportion to the number of calendar days.

The absence rate (4.11%) dropped slightly compared to 2012, to a level lower than the national rate of 4.53% in the private sector (as measured by Alma Consulting Group – September 2013).

C. LABOR RELATIONS

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

Indicator

Scope: France	2013	2012
Participation in elections of the works council	80%	80%

Indicator

Scope: World	2013
Existence of a staff representative body	57.1%

Comment

In Mainland France, labor-management dialogue takes place in 376 local and central works councils. The road construction subsidiaries' social charter has not been changed since January 1, 2013, when the road work activity's new organization was put in place. Representative bodies will be renewed in 2014. Aximum and subsidiaries in Guadeloupe and Martinique held elections and adapted the social charter to their reorganization. The rate of participation in elections remained high (80%).

Outside of France, 57.1% of companies with more than 300 workers had an elected or designated staff representative body, recognized as an interface for dialogue between management and local staff.

C.2: OUTCOME OF COLLECTIVE BARGAINING AGREEMENTS

Indicator

Scope: France	2013	2012
Number of collective bargaining agreements negotiated, including mandatory yearly negotiations	70	69

Comment

On January 1, 2013, Colas implemented a new organization system for its roads business in Mainland France, allowing this activity to adapt more efficiently to market changes and boost productivity. The organization is now based on seven regional Colas subsidiaries, taking the place of the sixteen previous subsidiaries that had operated under three distinct brands (Colas, Sacer, Screg). As part of this transformation, starting in March 2013, union organizations and the management of each regional subsidiary met to negotiate an agreement standardizing the employment status of all staff concerned, to be completed by January 1, 2014. Following negotiations and consultations with the works councils and health, safety and working conditions committees, seven standardization and substitution agreements relating to staff employment status were signed.

In line with the policy it has pursued for a number of years, in May 2013 Colas adopted an action plan for "improving working conditions and preventing arduous working conditions" for 2013, 2014 and 2015.

Other collective bargaining agreements were negotiated and finalized by the subsidiaries in 2013, including six collective bargaining agreements at Carrières et Matériaux du Grand Ouest, two at Aximum, and a number of agreements in France's Overseas Departments (Martinique, Guadeloupe, Reunion, Mayotte).

In September 2013, Colas also signed an agreement relating to the "Generation contract".

D. HEALTH AND SAFETY

D.1: WORKPLACE HEALTH AND SAFETY CONDITIONS

Qualitative information

With regard to health, targeted action is taken to fight occupational illnesses related to musculoskeletal disorders, noise, UV exposure, alcohol, drugs and psychosocial issues. For example, movement and posture training is provided to new recruits; equipment is selected to fulfill ergonomic criteria; efforts are made to reduce noise and, if this is not possible, employees are required to use earplugs.

Colas has also implemented mechanisms and actions to reduce employee exposure to bitumen fumes, silica dust and chlorinated solvents.

2013 was marked by the official publication of two important documents on bitumen fumes: a monograph by the IARC (International Agency for Research on Cancer) and an official report by the ANSES (French Agency for Food, Environmental and Occupational Health & Safety). The IARC is the world's leading scientific reference on the subject and in its publication it stated that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. The conclusions of the ANSES reflected the risk analyses carried out by the road construction industry.

Nevertheless, Colas is working to reduce exposure to bitumen fumes and has deployed a global strategy that focuses on two main areas:

- reducing bitumen temperatures at use, since reducing the temperature by 12°C divides the quantity of fumes emitted by two. An extensive Research & Development program is currently being developed;
- upgrade the fleet of finishers (machines that lay asphalt mix) to equip them with fume extraction systems.

Measures have been introduced in France and internationally to reduce exposure to silica dust:

- ensuring that operator cabs are sealed, air conditioned and air filtered;
- ensuring that site staff wear basic dust masks;
- launching a milling-planing equipment renewal program to ensure that machines are equipped with dust extraction systems.

The risk related to solvent use has been reduced in workshops, on work sites and in laboratories, both in France and internationally.

With regard to safety, comments are referenced in D.3 below.

Indicators

Coverage: 100% of CAE[(1)]	Scope (organizational or regional)	2013	2012
Percentage of warm mix produced in asphalt plants (as % of CAE)[(1)]	Asphalt mix production activity worldwide	16	13
Percentage of finishers equipped with a bitumen fume extraction system (as % of quantity)	All workshops worldwide	27	
Percentage of asphalt planers equipped with a dust extraction system (as % of quantity)	All workshops worldwide	11	
Percentage of chlorinated solvents used in closed-circuit systems (as % of quantity)	All laboratories worldwide	52	

(1) CAE *(chiffre d'activité économique)* = consolidated revenue plus intragroup disposals.

Comment

The Percentage of warm mix produced at asphalt plants indicator increased in 2013.
The other three indicators were put in place in 2013.

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

Qualitative information

In line with the policy it has pursued for many years, in May 2013 Colas adopted an action plan to "improve working conditions and prevent arduous working conditions" for 2013, 2014 and 2015.

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

Indicators

Scope: World	2013	2012
Frequency rate[(1)] of employee workplace accidents	7.28	8.15
Severity rate[(2)] of employee workplace accidents[(3)]	0.56	0.59

(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.
(3) Note: this level of severity includes workplace accident days related to accidents in previous periods. It differs from the calculation method used by the Group, which does not take into account days of leave related to accidents from the preceding period, to measure the safety performance of its subsidiaries.

Indicator

Scope: France	2013	2012
Number of employees recognized as suffering from an occupational illness during the year	97	69

Indicator

Scope: World	2013	2012
Total number of employees trained in first aid (end of period)	18,632	19,740

Comment

In 2013, the frequency and severity rates of workplace accidents were down compared to 2012.

This outcome reflects Colas' proactive policy regarding safety on construction sites and on the road, which aims to establish and continuously strengthen an effective culture of risk prevention across all its entities. Three safety objectives have been set for 2015: reduce the accident frequency rate to less than five in France and Europe, and to less than three in the rest of the world; ensure first-aid training has been provided to 35% of the workforce; 300 entities in France with no lost-time work accidents.

Throughout 2013, an extensive road and work site safety campaign rallied employees from all subsidiaries in France and worldwide – the first time such a large-scale effort has been undertaken. The Chairman and CEO of Colas launched this global campaign by video in January, addressing every Group employee with an e-mail address, and again in September to recap all the initiatives taken throughout the year. As part of the Colas Group's Global Safety Week, held in June, employees from every subsidiary took part in safety-related activities (information sequences, workshops, role-plays, hands-on exercises). A number of awareness-raising and prevention tools were deployed throughout all the subsidiaries. For example, in the United States, managers of the American subsidiaries visited work sites to take part in risk assessment meetings and discuss safety practices and procedures. In Vietnam, where the most significant risks are related to road safety, Global Safety Week focused on raising driver awareness of good driving rules. In Denmark, the Company passed on best practices to raise awareness and provide safety training to its new recruits.

For many years, subsidiary managers have drawn on a global prevention network and a wide range of prevention tools to deploy the safety policy in work sites and production sites, including training in safety, eco-driving and first aid; toolbox Safety talks revisited as "starters"; accident analysis; awareness-raising initiatives; sharing of best practice; cross-subsidiary challenges and awards; and half-yearly rankings. In 2013, Colas also launched a new line of work clothes for added protection and comfort for its employees.

The Group also encourages employees to take advantage of first-aid training, which benefits all employees in both their working and private lives. This training helps to raise awareness of safety issues. At year-end 2013, employees trained in first aid constituted 31% of the total workforce (compared to 32% in 2012).

The safety of temporary staff is an integral part of Colas' approach, which aims at continuously strengthening an effective culture of risk prevention across all its entities.

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

E. TRAINING

E.1: POLICIES IMPLEMENTED AS REGARDS TRAINING AND TOTAL NUMBER OF TRAINING HOURS

Indicators

Scope: France	2013(1)	2012(1)
Portion of payroll earmarked for training	3.87%	3.66%
Average training days per employee per year	2.14	1.75

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

Indicator

Scope: World	2013
Existence of a document that lists planned training initiatives and monitors their completion	85.7%

Indicators

Scope: France	2013	2012
Number of apprenticeship contracts(1)	331	732
Number of vocational training contracts(1)	221	420

(1) Fixed-term and permanent contracts.

Comment

In France, Colas pursued and maintained its investment in training (3.87% of payroll, compared to 3.66% in 2012). Priority was given to mentoring, to ensure that professional skills are passed on to new recruits, especially those with work-study contracts.

Training is offered either through programs identified at the subsidiary level to address local needs, as part of Colas Campus (to provide responses and skills to a pooled group of trainees at once), or within the framework of the Colas Universities (management specific), according to the type of training needed. In 2013, Colas University 4 was launched to provide experienced managers with career development support.

Safety training made up 37.82% of training hours.

Outside of France, 85.7% of companies with more than 300 workers had a training plan.

In France, total hiring (both fixed-term and permanent contracts) was down, and the proportion of work-study contracts also decreased. Nevertheless, work-study contracts and vocational training contracts still made up 17% of the year's new hires.

F. EQUAL TREATMENT

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

Qualitative information

The gender equality agreements negotiated in 2012 for a duration of three years at Colas' subsidiaries in France cover the issues of recruitment, vocational training, professional advancement, working conditions, effective compensation and the reconciliation of working life and family life. Colas has adapted its application processing system, allowing it to track the percentage of female job applicants who send applications through its recruitment site. Outside France, subsidiaries have also rallied around the issue of equality. The American subsidiary Delta, for example, supports the international organization Zonta, whose aim is to advance the legal, political and economic status of women worldwide.

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

Indicators

Scope: France	2013	2012
Number of employees with disabilities(1)	1,092	987
Number of employees with disabilities recruited(1)	14	37
Revenue with companies that employ the disabled	€1,115,338	€1,292,000

(1) Fixed-term and permanent contracts.

Comment

In France, the number of employees with disabilities working at Colas rose 10% from 2012 to 2013. The number of employees with disabilities recruited was lower, however, as was revenue with companies that employ the disabled.

The following measures were taken in 2013, as part of the agreement that Colas signed with French government agency AGEFIPH (which promotes the employment of disabled people) in 2011 and that ended on August 31, 2013: publishing a guide on employing disabled people, launching a poster campaign and providing all employees in Mainland France with a brochure to raise awareness of and promote respect for employees with disabilities. Colas' Nord-Picardie subsidiary tested a system that aims to make it easier to provide outplacement services to employees with disabilities who are unable to be redeployed internally. A cross-subsidiary agreement plan is currently being negotiated with AGEFIPH.

F.3: ANTI-DISCRIMINATION POLICY

Qualitative information

In France, the principle of non-discrimination was clearly reasserted in agreements on gender diversity and equality of opportunity between men and women, and through the "Generation contract", signed on September 20, 2013, that aims to create lasting jobs for young people, provide older workers with employment opportunities and ensure that knowledge and skills are passed on from one generation to the next. To promote social integration, subsidiaries are recruiting the long-term unemployed in economically deprived areas. Actions to raise awareness of discrimination issues are also regularly conducted at the Colas Universities.

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 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, Bouygues). To ensure that these fundamental principles are observed, Colas:

- provides its employees with a copy of the Bouygues Group's Code of Ethics, to which Colas adheres;
- includes social and environmental criteria in its procurement policy.

II – Environmental information

A. GENERAL ENVIRONMENTAL POLICY

The environmental policy is an integral part 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 Communications, Equipment & Innovation, Human Resources, Technical Department and R&D, etc. The Environment 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 BFC (BusinessObjects Financial Consolidation) application and calculated over a non-calendar year from October 1 of Year Y-1 to September 30 of Year Y (to allow sufficient time for precise data collection, processing and analysis). This software, named Xfi, was overhauled for 2013 to improve indicator control mechanisms, while the structures were reworked and adapted to improve consistency with the Group's other information systems. The rules of consolidation were also changed to more closely resemble those of the financial consolidation (see table below). Lastly, it should be noted that the organization of road work in Mainland France changed in 2013 (transition from 16 regional subsidiaries operating under three brands – Colas, Sacer, Screg – to seven subsidiaries). Due to all these modifications, it is difficult to compare 2013 to 2012.

For several years, the indicators used for production sites have also applied 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 view of the scope of Colas' responsibility and risk exposure.

In addition, the scope considered in 2013 also includes small materials production companies, even when their consolidated revenue is lower than the cut-off threshold for financial consolidation (2 million euros). The total volume of materials produced by these companies can be significant, even though their revenue is often subject to a high rate of elimination (intragroup disposals), due to Colas' vertical integration.

The following table summarizes the rules of consolidation that apply to different situations (the "Xfi rules"). It should be noted that they apply to the small materials production companies that are excluded from the financial consolidation.

	Difference between financial and non-financial consolidation	Financial consolidation	Non-financial consolidation	
			2013	2012
Controlling interest = full consolidation	**Same**	100%	**100%** (between 50% and 100% control, data is 100% integrated)	Application of percentage ownership
Joint control = proportionate consolidation (joint control = equal portion of interest owned by each partner). This mainly involves GIE Consortiums in France and partnerships or joint ventures	**Same**	Application of percentage of **control**	**Application of percentage of control** (data is integrated based on the percentage of control)	Application of percentage ownership
Joint ventures or significant influence = equity method	**Difference in certain data**	Application of percentage **ownership** to income rather than revenue	**Application of percentage ownership** to all data (all data is integrated based on the percentage ownership)	Application of percentage ownership

<u>Environmental indicators:</u>
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; 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 asphalt 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; Ratio of CAE 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

Coverage: 100% of CAE(1)	Scope (organizational or regional)	2013	2012
Percentage of materials production activities with environmental certification (as % of CAE)	Materials production activity worldwide	55	60
Percentage of environmental self-evaluation using Colas checklists (as % of CAE)	Materials production activities worldwide	79	79
Percentage of materials production operations that use a tool to manage environmental impact (environmental certification and/or Colas checklists) (as % of CAE)	Materials production activity worldwide	79	80
Overall percentage of environmental certification (as % of CR(2))	All activities worldwide	44	50

(1) CAE: consolidated revenue + intragroup disposals. This amount takes into account Colas' upstream activity (essentially construction materials), whereas accounting for Colas' vertical integration results in the elimination of more than 50% of revenue
(2) CR: consolidated revenue. This scope only applies to the overall percentage of environmental certification, to allow comparison with the percentage reported last year.

Comment

After having risen steadily since 2010, the percentages of production sites with ISO 14001 or equivalent environmental certification declined in 2013. This decline was the result of, on the one hand, a change in the method of consolidation which weights certified and uncertified entities differently, and on the other hand the reorganization of the roads business in Mainland France, which generated occasional postponements in renewing certificates and scope details.

The aggregate indicator combining certification and checklists remained practically constant, at a satisfactory level.

The target is to achieve a 100% certification rate and to push ahead in 2014 on the first three indicators. This objective is ambitious considering that other companies sometimes have large and even majority stakes in some Colas entities, which prevents Colas from ensuring complete oversight. (For more information on the method used to consolidate non-financial indicators, refer to the Introduction, pages 20 and 21.)

The environmental certification indicators reflect Colas' regulatory compliance policy and the efforts made to analyze environmental risks and control these risks 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 type of fixed facility: 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 around 1,700 sites worldwide. The checklists are part of Colas' internal control system.

The last indicator measures the overall certification rate for all activities, including those which are not carried out at fixed sites. It is not among Colas' top priorities and, as a result, will no longer be published as of 2014.

A.2: EMPLOYEE ENVIRONMENTAL TRAINING AND INFORMATION ACTIONS

Other substantiating items

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 performance of employees be assessed, that environmental training be provided for employees when necessary, including new recruits, 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 the activity. Instead of trying to set up a single central model, Colas prefers to address this challenge with a decentralized approach and monitor training and information 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).

Furthermore, work meetings and conventions on environmental themes are organized each year to raise awareness among the network 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. The Colas Group's websites are also ongoing sources of information for all employees.

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

Other substantiating items

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. It is difficult to allocate purchases or maintenance costs: for example, replacing a bag filter at a hot-mix plant constitutes a normal expenditure for Colas, even though it is of an environmental nature since it serves to prevent dust emissions.

However, all environmentally certified sites prepare an environmental analysis and action plans which Colas examines during management reviews and uses to analyze and limit the impact of the Group's operations and improve environmental performance.

Operating licenses for environmentally sensitive facilities that require government authorization or registration ("ICPE" facilities in France) generally require strict compliance with environmental requirements, irrespective of the country in question (OECD or otherwise). ISO 14001 certification gives Colas a good level of assurance that it will meet these requirements (see the "Percentage of overall environmental certification" indicator, in section A.1). Compliance with government requirements is also covered on Colas' checklists. It is therefore taken into account through annual self-evaluations at sites that are not certified (see the "Percentage of self-evaluation of material production sites" indicator, in section A.1). Lastly, the annual cross-audits of subsidiaries in Belgium, Mainland France and Switzerland, which are conducted at many sites by trained internal auditors, also serve to evaluate facilities and reinforce environmental hazard prevention. Audits are carried out on an average of one hundred sites each year, representing around 15% of sites in the zone.

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: in line with its management guidelines, Colas makes provisions 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: a large number of 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. Colas' provisions on site rehabilitation commitments totaled 153 million euros at December 31, 2013 (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 internal or external audits, nor during the investigation of insurance claims.

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 substantiating items

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 during management reviews to analyze and limit the impact of the Group's operations and improve environmental performance. In addition to these standards-based 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).

During the fiscal year, there were no accidents or incidents to report that seriously affected the environment.

B.2: WASTE PREVENTION, RECYCLING AND DISPOSAL

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Ratio of recycled materials over total aggregates produced (as % of quantity)	All activities worldwide	13	12
Percentage of reclaimed asphalt pavement with bitumen recovery (as % of quantity)	Materials production activity worldwide	14	13
Surface area of road recycled in place (in millions of m²)	Global road construction activity	5	10.4
Waste oil recovery rate (as % of quantity)	All activities worldwide	70	65

Comment

Since Colas is a major producer and consumer 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 the need for new quarries and gravel pits) while reducing the amount of material that needs to be disposed of. In 2013, the Colas Group recycled and recovered more than 11 million tons of materials. This represents 13% of the Group's total production of aggregates and worldwide savings equivalent to the average production of 33 Colas quarries – the equivalent of three more quarries than in 2012. Recycled material tonnage and aggregate production both increased by 5%, which resulted in a stable ratio.

Reclaiming asphalt pavement when repairing or repaving roads makes it possible to recover bitumen, a non-renewable petroleum resource found in this type of material. Asphalt mix, which is used in most road networks throughout the world, consists of a mixture of about 5% bitumen with aggregates. Reclaimed asphalt pavement (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:

- saves energy and reduces greenhouse gas émissions;
- enables the reuse of bitumen, a non-renewable natural resource, and aggregates;
- reduces road construction costs for the customer (often public sector) at identical levels of quality and performance.

The industry consensus holds that the maximum recycling rate achievable for all asphalt mix excavated or planed off the road is between 20% and 25% in developed countries, with this rate varying in accordance with urban density and the technical habits of project owners; Colas achieves average recycling rates of three-quarters of this limit, and easily reaches the limit in zones such as Switzerland, Belgium and the United States, while this policy has progressed with more difficulty in more conservative countries. This recycling rate has continued to grow by one percentage point per year at the global consolidated level, representing a major collective effort, especially in France.

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. Substantial amounts of aggregates are also saved since all of the material removed from the road is recycled. The surface area of road recycled in place by Colas subsidiaries appeared to decrease in 2013. However, this apparent decrease was only the result of a reporting error the previous year. This type of recycling technique depends on the nature of calls for bids. Developing these techniques therefore requires that Colas teams and especially project owners take a proactive approach.

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 used hydraulic and motor lubrication oil that is either disposed of by a certified channel or responsibly recovered, relative to total oils purchased. The optimum oil recycling ratio is considered to be 80% if the oil that is consumed and burned by vehicles and machinery is taken into account. In 2013, Colas achieved a ratio of 70%, slightly higher than in previous years, with this indicator growing more and more reliable over time. 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).

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

Indicator and comment

Percentage of production sites with an organization for local dialogue:

See A.2 of the following section ("Regional, economic and social impact of the Company's activity".)

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 by up to 9 dB and were used to pave 794,500 m² of road surface in 2013. This product range reflects the continuing effort Colas has been investing in R&D for many years, and for which it has received a large number of awards.

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, the issue is very different than in northern France, French Guiana or the eastern coast of Madagascar. In general, Colas subsidiaries must take local water requirements into account, and water management is one of the criteria of the ISO 14001 standard (see indicator in A.1 on the percentage of environmental certification and self-evaluation).

In water-scarce regions where Colas operates (southern Africa, Algeria, Australia, California, Chile, Djibouti, Egypt, India, Indonesia, Madagascar, Morocco, New Caledonia, Tunisia), a survey was carried out on the subsidiaries concerned. It was estimated that water consumption in these regions comes to around half a million liters per year, which in each case represents a minimal burden on local water supplies (less than 1%). Nonetheless, action plans have been put in place or are being deployed to limit any waste in sensitive contexts, and to favor recirculating and recycling. These efforts remain limited in scope since most of this consumption is necessary to produce emulsions or concrete, materials whose technical specifications require a certain water content, which it is difficult to imagine transporting and for which there are generally few possible substitutes.

Colas has also implemented a strict surface water and groundwater protection policy to guard against the impact of accidental or everyday pollution at its fixed production and maintenance sites. This policy follows strict guidelines, backed by Colas checklists, which require that these sites be (or may be) completely isolated from the surrounding environment. More than 30% of CAE for global materials production activity satisfies all these requirements, and the other sites are at varying stages of their action plans.

It should be noted that the South African company Dust-A-Side, which specializes in mine haul road maintenance and operates throughout the southern hemisphere from Chile to Australia, was not able to assess its water consumption at its customers' sites, even though it consumes a significant amount. However, comparative studies were carried out by its customers and it appeared that Dust-A-Side technology enables roughly 80% savings in water compared to traditional techniques for dust control and haul road maintenance.

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

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Quantity of materials recycled (in millions of tons)	All activities worldwide	11.2	9.8
Quantity of reclaimed asphalt pavement (in millions of tons)	Materials production activities worldwide	5	4.9
Number of low-carbon alternatives proposed by Colas to customers	Global road construction activities	490	735

Comment

Colas' approach to reducing the consumption of raw materials is based on the following action plan:

- optimize and maximize the recycling of all types of excavation material, demolition debris and inert construction waste, thereby reducing the need for disposal sites and for new materials. Colas has developed indicators 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 objectives: data reliability and the desire to encourage the subsidiaries to invest in recycled materials production units. Rather than tracking total materials consumption, this approach places the emphasis on measuring 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):
  – increased recycled materials production follows increased aggregate production, without any improvement in the ratio between the two (see indicators in B.2),
  – conversely, the reduction in asphalt-mix recycling tonnage is much less substantial than that of total asphalt-mix production, which allows the recycling rate to keep increasing (see indicators in B.2);
- developing new products at Colas' R&D laboratories based on an eco-design approach that seeks to minimize the use of raw materials, particularly those that are non-renewable (see B.2). Research is being carried out to optimize eco-friendly binders by applying the principles of "green chemistry", notably by introducing bio-sourced components, reducing temperatures or limiting greenhouse gas emissions;
- develop and offer low-carbon alternatives. For many years now, Colas has led the way in offering its customers low-carbon alternatives (eco-friendly designs that require fewer materials) and in developing "eco-comparators" for assessing these 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 consume less energy and produce fewer 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 is taking an active part in the efforts made to reverse this trend in the profession.

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

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Energy consumed per ton of mix produced (in kWh per ton)	Mix production activities worldwide	75	76
Percentage of warm mix produced in asphalt plants (as % of quantity)	Mix production activities worldwide	16	13
Number of tons transported by rail or waterway (in millions of tons)	Global transport of aggregates and bitumen	10.7	9.2

Comment

Colas information systems are organized to allow for decentralized management, which is better adapted to the diverse range of regions and activities it covers. Energy consumption takes on a very diffuse form in these systems, whether it involves fuel purchases for machinery or quarry electricity consumption, for example. This data is extracted in part from the accounting systems, but also from production systems, if only to monitor improvements in energy efficiency. To overcome this issue, the Cleanergie program was launched in 2012 to provide Colas with a measuring and monitoring tool and to enable all Group companies to reduce energy consumed for construction, production, building operation and logistics. The program includes a study of some one hundred employees across a range of 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 almost equal proportions. In 2013, at the initiative of Cleanergie correspondents, Colas transformed its collection systems into an information network to obtain more accurate data on its energy consumption at all its locations worldwide. This new collection method will take effect starting in fiscal year 2014, and will gradually be made more reliable and ready for audit in 2015. An initial estimate of the budget allocated to this consumption is around 600 million euros.

Colas systematically and carefully measures and monitors fuel consumption of asphalt plant burners at around 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 produce than hot mixes. Warm mixes accounted for 16% of Colas' total mix production in 2013, up 3% from 2012; all employees are ready to start expanding the use of these warm products throughout their regions, adapting production tools and conducting research to enable lower product temperatures;

• recycled materials, and especially reclaimed asphalt pavement, 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 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 (although this indicator is practically stable), accurately monitoring the consumption of over 65,000 machines and vehicles across 1,700 production sites and works centers is much more complex, despite the fact that it represents the most substantial means of potential progress. To improve monitoring, Colas continues to equip vehicles and machinery with on-board consumption monitoring systems: the number of machines equipped doubled from 2,000 in 2012 to more than 4,000 in 2013;

• 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 idling. 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. All continuing vocational training provided to drivers includes an environmentally friendly driving component, as well as specific training sessions on this subject developed for heavy-vehicle drivers and machinery operators. The Cleanergie program also has a great deal of support at work sites and production sites, with a growing range of initiatives and efficiency indicators.

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 by proactively adopting innovative techniques. The quantity of materials transported by rail or waterway is equivalent to 3,700 freight trains (with each train containing 40 freight cars) and avoids deploying 370,000 30-ton trucks. The progress made for this indicator should be interpreted with caution, since the 2012 number was not completely reliable.

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 new infrastructure accounts for only a modest share of revenue (estimated at less than 10%), 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 has no direct impact on land use in these cases, as the location of its work sites depends on the project owner.

All quarry and gravel pit sites are rehabilitated 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 33 Colas quarries or gravel pits throughout the world.

(see: Qualitative information II – A.4)

D. CLIMATE CHANGE

D.1: GREENHOUSE GAS EMISSIONS

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Greenhouse gas emissions (in millions of tons of CO_2 equivalent)	All activities worldwide	14	13
Greenhouse gas emissions per ton of mix produced (in kilos of CO_2 equivalent per ton)	Mix production activity worldwide	17	17
Carbon intensity (in kilos of CO_2 equivalent per euro of revenue)	All global activities (excl. the United States and Canada)	1	1
Carbon intensity (in kilos of CO_2 equivalent per US dollar of revenue)	All activities in the United States and Canada	1	1
Greenhouse gas emissions avoided by the Group's actions (in tons of CO_2 equivalent)	All activities worldwide	169,000	166,000

Comment

In 2013, there was no significant change in the Group's CO_2 levels, taking into account the uncertainty inherent in calculating the carbon footprint. 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 activities 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 of 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;

• the nature of Colas' operations makes it extremely difficult to distinguish between its emissions and those of its suppliers or contractors, especially given its vertical integration and questions related to subcontracting and rented road construction equipment (with or without fuel, depending on the contract). It was therefore decided that the carbon scope would include all of the emissions generated by Colas' operations and those of subcontractors.

Although the carbon footprint cannot be used to assess a reduction in greenhouse gas emissions based simply on a comparison of annual results, 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 idling,
– reduce fuel consumed by asphalt plant burners. Fuel consumption per ton of asphalt mix produced is 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 and mastic asphalts: mixed at temperatures that are tens of degrees lower, these products reduce energy consumption by 10% to 30% while reducing emissions of bitumen fumes 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, itself a limited natural resource. In addition to aggregates, Colas recycled some 230,000 tons of bitumen in 2013. 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 customers 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 2013 avoided 6,000 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: 93,000 tons of CO_2 were thus avoided in 2013. In most countries other than France, low-carbon alternatives cannot be proposed in public contracts. Colas is working to promote these products internationally, which has proven difficult within the current economic context faced by project owners.

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 work sites 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 within the context of climate change, whenever possible. For example, in 2009, Colas won a contract in Dawson, Yukon (Canada) to resurface a road using a low-carbon alternative made with Colclair® binder to better reflect heat where the permafrost ground is threatened by increasing temperatures due to climate change.

E. PROTECTING BIODIVERSITY

E.1: STEPS TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Percentage of aggregate production sites taking action to promote biodiversity(1) (as % of quantity)	Aggregate production activities	22	13
Ratio of CAE for aggregate production sites taking action to promote biodiversity (as % of quantity)	Aggregate production activities	41	

(1) This indicator has been monitored since 2011 and the reported information will lead to a more precise formulation of the application criteria in 2014, in order to consider the diversity of situations and differences in understanding regarding criteria between one entity and another. This standard review will improve the program, which is now fully deployed. These considerations do not call into question any of the trends indicated above, but will lead to stricter requirements for several sites.

Comment

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

This action consists in:

- setting up and monitoring a process to facilitate the presence of a protected animal or plant species at the site and the living conditions it requires;
- installing beehives at the site.

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

This year, the indicator is supplemented by the CAE ratio indicator, which shows that 41% of consolidated revenue plus intragroup disposals is covered by action to promote biodiversity.

Currently, more than 90 different protected species live at the Group's extraction sites, in addition to some thirty sites that are home to beehives. This indicator's growth shows that real progress has been made since this policy was deployed in June 2012, on the occasion of Colas' Environmental Convention. This effort remains varied according to cultural contexts, enjoying strong support in France, but less in the United States, for example. Despite these differences, all entities have made progress.

Trials are also underway to have Colas work crews systematically integrate a process for dealing with invasive plants, as a growing number of subsidiaries around the world are tackling this issue.

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 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"), as well as a similar charter at the European level. "Road Safety Officers" are specially trained employees who implement an accident prevention program in the field based on the code of best practices issued by the French government committee for the Prevention of Road Risk. An 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 around the world. 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.

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

Societal indicators:
III – A2: Ratio of CAE for materials production activities taking action to promote local dialogue.
III – B2: Donations in cash; Donations in kind.

A. REGIONAL, 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 its strategy, in business lines where proximity to the customer is key;
- its 61,000 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 regions.

The Group contributes to employment and development of the regions where its operations are located through a number of actions, for example:

- in France, the partnership agreement signed in 2012 with the Adecco workforce integration network, which includes over 60 companies providing temporary job opportunities for underprivileged workers, continued. The objective of this agreement is to help entities better meet their social obligations, 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 rejoin the workforce that will increase their chances of regaining long-term employment.

The "Generation contract", signed in September 2013, aims to create lasting jobs for young people, provide older workers with employment opportunities and ensure that knowledge and skills are passed on from one generation to the next (see Part I – F.3);

- outside France, many initiatives have been implemented across all the Group's companies.

A.2: WITH REGARD TO RESIDENT AND LOCAL POPULATIONS

Indicator

Coverage: 100% of CAE	Scope (organizational or regional)	2013	2012
Ratio of CAE for materials production activities taking action to promote local dialogue (as % of quantity)	Materials production activity worldwide	34(1)	45

(1) Since the scope of this indicator was redefined in 2013, the CAE coverage rate is higher than in 2012.

Comment

Colas manages a large number of production sites for construction materials: aggregates, ready-mix 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 targets 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 using a system of checklists covering most of the Group's activities in the production of construction materials worldwide. This approach is an integral part 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 run in cooperation with the International Labor Organization for several years.

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.

Beyond the local relations described in A.2, the question of relations with Colas Group stakeholders is hard to resolve, given the diverse range of business activities and regions across which it operates. In line with Colas' values and culture, stakeholders are generally dealt with through decentralized management, except when it comes to subjects that may merit a global approach.

Regarding this last point, the issue of bitumen fumes (see indicators and comments in Part I, paragraph D.1) deserves to be highlighted, since Colas has been a driving force in the construction industry when it comes to mounting a dialogue with the scientific community and joint organizations, on both the French and international levels.

B.2: PARTNERSHIP OR PATRONAGE INITIATIVES

Indicators

Coverage: 100% of CAE	Scope (organizational or regional)	2013(1)	2012
Donations in cash (in euro millions)	All activities worldwide	4.56	4.8
Donations in kind (in euro millions)	All activities worldwide	0.63	1.3

(1) Scope modified in 2013.

Comment

At the local level, corporate patronage initiatives are decided upon and managed by the subsidiaries and their operating units. These initiatives mainly involve sports-related sponsorships and cultural or humanitarian patronage.

The Colas parent company's 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 overall budget for the period from January 1 to September 30, 2013 was 5.19 million euros (compared to 6.1 million euros for full-year 2012).

Note: the comparison of information between 2012 and 2013 should be interpreted with caution because the way this information was collected and consolidated has changed, since this information is now managed for the first time using the Xfi software. As a result:
– reporting covered nine months in 2013; it was not possible to estimate data for the last quarter of 2012, notably due to the reorganization of road construction subsidiaries in Mainland France;
– consolidation uses the principles defined in the reporting software, which was not the case in 2012;
– the exchange rates applied are now those provided by the reporting software, which was not the case in 2012.

C. SUBCONTRACTING AND SUPPLIERS

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

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

Qualitative information

Colas' Responsible Purchasing approach is designed to be cautious, gradual and targeted, considering the large number of suppliers, service providers and subcontractors that the Group deals with, as well as its decentralized purchasing policy at work sites and production sites, and financial constraints.

Colas chooses to devote particular attention to its relations with suppliers and service providers, both in France and worldwide.

This approach was therefore restructured in August 2013, as part of the changes made to its internal control system. It consists in:

• identifying suppliers, service providers and subcontractors who have made public commitments to respect the principles of responsible purchasing (members of the Global Compact program, BITC [Business in the Community], BSR [Business for Social Responsibility], etc.) or who have received a published satisfactory rating in their field (companies rated by indexes such as the DJSI, FTSE4Good, etc.). Orders made with such companies automatically satisfy the first level of responsible purchasing requirements. The proportion of this type of purchase is therefore evaluated, either using purchasing information systems available at certain Group subsidiaries or by determining this proportion through surveys. The goal is for each subsidiary to have such an evaluation for the 2013-2014 reporting period and to be able to provide information on its sources and methods;

• identify the main risks for certain types of purchases at each subsidiary. To analyze the risks of non-responsible purchases, the period in question is subjected to a risk-mapping procedure. To do this, a guide has been created, which defines the notion of responsible purchasing and provides a non-exhaustive list of the potential risks associated with different types of purchases.

Following these procedures, the Steering Committee will recommend targeted, step-by-step actions to be taken in order to reduce the risks identified and satisfy the growing requirements that apply to this committee in this specific area of CSR.

The second step in deploying this approach consists in defining the appropriate indicators.

In addition, in Mainland France Colas conducts audits of suppliers under framework agreements: 49 have been conducted to date (19 in 2013, 20 in 2012). In 2014, the objective is to increase the number of audits to three per each purchasing department.

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 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 a multi-year plan that aims to cover the entire Group. Accordingly, in 2013, ten days of training on ethics and the legal liability of managers (updates and comprehensive training) were offered: four at Smac's regional locations (Île-de-France/Normandie, Ouest/Sud-Ouest and Est/Sud-Est); two for Aximum; and, outside France, one in South Africa, one in Slovakia, and two in Quebec. This training is supplemented by company 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. Twelve training sessions provided by outside experts were given in 2013, including nine two- or three-hour sessions bringing together all first-level and higher-level supervisors.

In addition to this offering, three four-hour training sessions were carried out internally at Colas Universities in North America. An anonymous call line allows employees to issue alerts on these subjects. Twenty-three alerts were handled in the United States in 2013. An online ethics training program was set up and offered to all employees with an e-mail address;

• in Canada, a Chief Ethics and Compliance Officer position was created in July 2013. Following the creation of this position, a briefing memo was sent to all the Group's employees in Canada, reminding them of the Group's ethics and compliance commitments, and its zero-tolerance policy regarding these issues. In 2013, two training programs were offered to all managers at the Sintra subsidiary in Quebec. Lastly, a call line was opened for employees to report any proven or suspected misconduct of this type.

These actions will be continued and improved upon in 2014. The training program of the Group's Legal Department will include seminars for subsidiaries in the Indian Ocean region (Reunion, Mayotte), the Czech Republic, Canada (except Quebec), at Colas Rail (notably in the United Kingdom), and in Switzerland and Belgium.

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

Qualitative information

The Group's end customers 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 sector contracts. 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.

Group R&D works in a number of areas to respond to road safety challenges, in particular:

• production of a range of high-performance surfacing providing better skid resistance (rough and/or draining products to limit 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 special noise barrier. This product range has received many prizes in France and around the world.

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, the 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).

The Colas Group operates in 50 countries across 5 continents, and follows a business model centered on permanent operating units that employ local staff. Colas believes in the value of hiring locally everywhere in the world, and that high-quality human resources are available in every country, aside from rare exceptions in scarcely populated regions with a thriving economy or experiencing strong growth. Colas therefore employs few expatriate employees: 307, out of a total of 24,000 employees outside France. Relying on local staff and treating employees with respect are part of preserving human rights.

In France and on the international level, the Colas Group is committed to respecting laws and regulations, including the Universal Declaration of Human Rights, and carries out internal audits to verify that it is not complicit in any human rights violations. There is no indication that Colas is particularly exposed regarding this issue. As it mainly operates in OECD countries, where it carries out 90% of its activity, Colas is practically absent from countries listed as at-risk regarding these issues. Furthermore, its vertical integration policy automatically protects it from a systematic reliance on external purchasing and subcontracting.

The field of purchasing and subcontracting is often considered an at-risk subject. Colas is in a special position because the nature of its activity does not allow for outsourcing (neither concrete nor asphalt mix may be produced or applied in one country for an infrastructure located in another country). Purchases made in at-risk countries are completed by Colas teams located in those countries; their local presence and management systems enable these teams to limit the risk of being drawn into working with suppliers that violate human rights.

The Audit Department is instructed to issue a warning if a problem of this nature is detected during one of its audits, even if no complaint is triggered. In 2010, an audit and rating report produced by the BMJ ratings agency did not identify any particular weakness regarding these issues.

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 notably managed 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 formalized 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 about 60% 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 drop in State contributions to local governments, 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, community aggregation plans or changes in leadership for government agencies, which may result in the postponement or cancellation of infrastructure projects that had been previously approved or were under consideration.

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, by the sheer number of projects undertaken 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 specific risk factors attributable to the countries where it operates. However, the Group's exposure to country risk is in fact 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 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), 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, traffic management, 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 and waterproofing businesses. This is not a systemic risk, except in the case of armed conflict and a complete breakdown in the supply of petroleum, and may affect a given country, or more likely a region, for periods of varying length. 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 thus 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 Société de la Raffinerie de Dunkerque (SRD), which produces roughly 300,000 tons of bitumen per year, will help optimize bitumen supply security for the road construction businesses in Mainland France and northern Europe. The risk related to additional temporary or potential closures of refineries in Mainland France (Berre, Petit-Couronne) was greatly reduced in 2013, with the general drop in bitumen consumption in France and neighboring European countries.

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 around the world. 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 and global demand for certain refined products that depend on the industry's level of activity. The level of earnings for this business therefore largely depends on the difference between the selling prices of products manufactured (oils, waxes and paraffins, 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. In 2013, base oil demand worldwide and within Europe was severely dampened by the recession affecting many industrial sectors, while the cost of raw materials to be refined did not fall. These two factors contributed to a higher operating loss than in 2012. An action plan was launched to continue efforts to diversify supply sources for raw materials to be refined, optimize production capacities with a focus on operating cost savings and, lastly, forge partnerships for processing agreements with other oil producers. If base oil refining costs were to remain at record lows as was the case in 2013, the operating loss could only be gradually narrowed.

A hedging policy is in place 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 is responsible for all raw materials purchases.

LEGAL RISKS

Compliance risks

Colas' business activities tend to involve a large number of contracts (about 110,000 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 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.

In May 2013, a former senior executive and a former employee at Sintra, ColasCanada's subsidiary in Quebec, were charged in relation to legal inquiries into political party financing and public sector contracts in Quebec. A former employee who left the Company in 2000 also told the Charbonneau Commission, which is investigating public construction contracts in Quebec, that some of Sintra's practices at the time were non-compliant. Sintra has been cooperating with the Quebec authorities. At the same time, in accordance with the Colas Group's principles of corporate ethics, major investigation and prevention measures have been undertaken. After considering both sides of the issue, Quebec's new authority in charge of approving companies to bid for public contracts gave its approval to Sintra in late July 2013.

Significant legal disputes as of December 31, 2013

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.

HUNGARIAN COMPETITION AUTHORITY CASES AND DAMAGES AND INTEREST CLAIMED IN CONNECTION WITH 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, Colas 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), of which approximately 1,437 million Hungarian forints (about 5 million euros) have already been paid. The remainder corresponds to decisions on fines that are either not definitive or have been annulled.

In 2013, two unfavorable decisions, handed down by the Court of Cassation and the Court of Appeals, paved the way for the Hungarian competition authority to make the following demands:

- the payment by Egut of the penalty previously imposed, amounting to 1.2 billion Hungarian forints (which was paid by Egut in September 2013), and the related interest charges amounting to 588 million Hungarian forints (about 2 million euros). Egut has filed an application with the Constitutional Court requesting that the payment of this latter sum be suspended;

- the payment by Colas Dunantul of the penalty previously imposed, amounting to 1.5 billion Hungarian forints, and the related interest charges amounting to 534,165,000 Hungarian forints (about 1.8 million euros). Colas Dunantul has filed an application requesting that the payment of these sums be suspended and that the Court of Appeal's decision be overruled.

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 24.4 million euros), 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) 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.

There were no significant developments in relation to these claims in 2013.

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

On March 9, 2009, Colas SA signed a design-build contract in the amount of 175 million euros with SNRAR, the Romanian national company of motorways and national roads, for the construction of the 20-km section of the A2 motorway between Cernavodă and Constanța. 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.

The arbitration hearing was held in Bucharest in November 2013, with Colas claiming in particular the payment of just over 150 million Romanian lei (about 35 million euros) plus interest, followed by the filing of a counter-claim by SNRAR in the amount of about 3.8 million euros.

A decision is expected to be handed down in mid-2014.

DISPUTE RELATING TO THE CONTRACT FOR THE DN6 MOTORWAY IN ROMANIA

SNRAR has filed a claim with Colas Romania under this completed contract for the amount of 4,737,934 Romanian lei (about 1.1 million euros), although the contract is acknowledged as completed by the independent engineering firm and the contractor has been paid. Colas Romania has filed a request for arbitration with the International Chamber of Commerce to contest this claim.

DISPUTE RELATING TO THE CONTRACT FOR THE D47 MOTORWAY IN THE CZECH REPUBLIC

The Czech road and motorway directorate has filed a request with the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic, demanding the repayment of the amount of 168,244,931 Czech korunas (about 6 million euros) that it considers an overpayment under the price adjustment clauses signed with the consortium formed by ISK and Colas CZ.

CLAIM FOR DAMAGES AND INTEREST 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 French Court of Cassation 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 Orleans administrative court.

A settlement agreement was signed on July 11, 2013 between the Seine-Maritime department and the companies concerned (including Colas Île-de-France – Normandie). Under this agreement, Colas Île-de-France – Normandie agreed to make a payment in the amount of 6,600,000 euros to the department. All the parties have met their obligations under this agreement.

URSSAF AUDITS

In late 2009, Urssaf (the French labor inspectorate) notified Colas of an adjustment 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, notably 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.

The amount attributable to this adjustment, including late payment penalties, is estimated at 51.2 million euros as of December 31, 2013.

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 72 million Canadian dollars, thus about 47 million euros. 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 penalties and interest.

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 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 refined 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 2013, most of these installations were not subject to emissions quotas, with the exception of SRD, certain hot mix plants in Denmark and Belgium, and some twenty plants in France which have been subject to emissions quotas since the beginning of 2013. It is likely that these plants will need to buy emissions rights in the market. 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 at some point in the coming years SRD may 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 natural gas) was finalized in early 2013.

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

WASTE

In France, a new guide for the management of construction, demolition and excavation waste is currently nearing completion. This guide aims to respect European Union values and principles for the handling of waste by establishing a set of residual concentration limits for various pollutants to define accepted levels and the authorized recycling or recovery procedures. Once the definitive limits have been determined and the guide is released (planned for the second quarter of 2014), certain existing stockpiles of waste will need to be examined with a view to possible recovery actions. In this transitional period, it is conceivable that some one hundred thousand tons of deconstruction materials currently stored at Colas recycling facilities in France will need to be removed, although it will not be possible to reassign responsibility to the original contractors involved. In accordance with European regulation, the latter should normally be responsible for the (chemical) nature of their waste.

REHABILITATION OF INDUSTRIAL SITES

The Group's industrial sites in France are covered by regulations governing *installations classées pour la protection de l'environnement* (classified 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, 2013, total provisions covering these commitments amounted to 153 million euros (against 158 million euros at year-end 2012). Should legal requirements become more stringent, possible costs for rehabilitation might increase.

The Group applies a systematic policy of obtaining environmental certification (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 four years ago, now covers most materials production activities and makes it possible to consolidate action plans. In 2013, 79% of annual revenue in Colas' materials production businesses 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 Directive, the LCP Directive (limiting the emission of certain pollutants into the air from large combustion plants), and the IPPC Directive (concerned with polluting activities). 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 status presentation 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. 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. In addition, 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 work carried out near potentially risky networks, such as natural gas pipes or electrical conduits.

Work-related health hazards

EXPOSURE TO BITUMEN AND ULTRAVIOLET RADIATION

2013 was marked by the official publication of two important documents on bitumen fumes: a monograph by the IARC (International Agency for Research on Cancer) and an official report by the ANSES (French Agency for Food, Environmental and Occupational Health & Safety). The IARC is the world's leading scientific reference on the subject and in its publication it stated that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. The conclusions of the ANSES reflected the risk analyses carried out by the road construction industry.

The only health hazard that can be linked to road construction workers' exposure to bitumen fumes is irritation of the respiratory tract and eyes. The risk of exposure to bitumen fumes is classified 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. It is, however, conceivable 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 finishers that are equipped with a fume extraction system, whenever this is practicable. 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.

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) solar radiation, which is the main environmental risk factor for skin cancer. To prevent excessive exposure to UV rays, these 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.

DUST AND SOLVENTS

Workplace health bodies have rallied around the issue of exposure to silica dust at work sites, quarries and gravel pits. This risk has been greatly reduced through actions deployed both in France and worldwide (ensuring that operator cabs are sealed, air conditioned and air filtered; ensuring that site staff wear basic dust masks; employing various dust reduction techniques; upgrading asphalt milling-planing equipment to ensure that machines are equipped with dust extraction systems).

The risk related to solvent use has been reduced in workshops, on work sites and in laboratories, both in France and internationally, through a policy put in place to limit solvent use and implement safety equipment.

ASBESTOS

Claiming that they were exposed to asbestos, several former SRD employees and their beneficiaries (some of whom were employed by BP before SRD was spun off on December 31, 1991) have 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 employer may be held liable is still under way for 21 cases. 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 in the case of claims that the employer has been guilty of gross negligence (two lawsuits for gross negligence filed).

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 earthquakes, floods, cyclones, storms 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 on occasion, 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

As of December 31, 2013, the Group's net cash totaled 340 million euros, in addition to 1,657 million euros of confirmed medium-term bank credit lines undrawn to date (compared to 1,481 million euros as of December 31, 2012). Over the year, Colas readjusted its receivables assignment programs, increasing their amount by 250 million euros.

Colas Group companies' confirmed bank loan contracts contain no significant financial clauses likely to lead to early termination and/or early repayment.

AS OF DECEMBER 31, 2013, THE BREAKDOWN OF INTEREST-BEARING LOANS BY MATURITY WAS AS FOLLOWS:

in millions of euros	Current	Non-current						
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and more	Total	Total
	2014	2015	2016	2017	2018	2019 and +	2013	2012
Bank loans (medium-long term)		43	25	51	16	72	207	234
Finance leases		7	5	4	3	2	21	20
Other financial debts (long-term)						3	3	4
Sub-total	**61**	**50**	**30**	**55**	**19**	**77**	**231**	**258**
Short-term borrowings and overdrafts	191							
DECEMBER 31, 2013	**252**	**50**	**30**	**55**	**19**	**77**	**231**	
Reminder as of December 31, 2012	335	64	33	25	49	87		258
Current portion of non-current debt							61	50

AS OF DECEMBER 31, 2013, THE GROUP'S CONFIRMED/DRAWN CREDIT LINES WERE AS FOLLOWS:

in millions of euros	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	101	1,811	77	1,989	61	154	77	292
Letters of credit								
TOTAL	**101**	**1,811**	**77**	**1,989**	**61**	**154**	**77**	**292**

MARKET RISKS

Certain Group companies use financial instruments to reduce the impact of fluctuations in exchange rates, interest rates and raw material prices on their profit. The use of these instruments is described hereafter.

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 one-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 each country's currency (e.g., euros, US dollars, CA dollars, etc.).

AS OF DECEMBER 31, 2013, LONG-TERM AND SHORT-TERM DEBT BY CURRENCY IS BROKEN DOWN AS FOLLOWS:

in millions of euros	Euro	USD(1)	GBP(1)	Other(1)	Total
Long-term, December 2013	100	27	70	34	**231**
Short-term, December 2013	82	25	6	139	**252**
Long-term, December 2012	112	24	75	47	**258**
Short-term, December 2012	185	22	8	120	**335**

(1) Equivalent in euros.

In certain specific cases, some 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 optimize Group cash by eliminating currency risk on surplus Group cash that is lent to or borrowed from a subsidiary after conversion into the subsidiary's local currency, thus reducing the need for bank borrowing.

In addition, particular attention is paid to risks related to Group assets denominated in non-convertible currencies, and more generally to "country" risks.

Business related to Société de la Raffinerie de Dunkerque is more exposed to currency risk due to the purchase and sale of products valued in dollars which are bought and sold in dollars and/or euros. This risk is managed using forward sales and euro/dollar currency swaps.

INTEREST RATE RISK

Changes in interest rates have little effect on the Group's financial expense, since over the fiscal year the average amount of floating-rate debt is generally equivalent to available cash, which is invested at a floating rate. In addition to the variable-rate debt stated on the balance sheet, the seasonal nature of the Group's business may require short-term borrowings.

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: 68% (versus 69% in 2012).

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
	Less than 1 year(1)	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and more	
	2014	2015	2016	2017	2018	2019 and beyond	
	61	12	5	5	6	3	**92**

(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, fixed-rate debt reached 79% (versus 78% in 2012).

AS OF DECEMBER 31, 2013, 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	531		531
Financial liabilities:			
Borrowings(1)	(232)	(69)	(301)
Outstanding bank overdrafts	(191)		(191)
Net position before cash management	**108**	**(69)**	**39**
Interest rate hedges	301	(301)	
Net position after hedging	**409**	**(370)**	**39**
Seasonality adjustment(2)	(878)		(878)
POSITION AFTER HEDGING AND SEASONALITY ADJUSTMENT	**(469)**	**(370)**	**(839)**

(1) Includes (9) 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 financial counterparties, 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.

Accounting policies for financial instruments

As a general rule, the financial instruments used by the Group are recognized as hedging transactions. As such, they require hedging documentation in compliance with IAS 39. The Group therefore proceeds with two types of accounting, depending on the case:

• accounting regarding fair value hedge: the change in the hedging instrument's fair value and that of the hedged item are recorded on a symmetrical basis in income;

• accounting regarding cash flow hedge: the change in the hedging instrument's fair value is recorded in income for the ineffective portion and in equity (until the transaction has been completed) for the effective portion.

Financial instruments as of December 31, 2013

The total notional amounts of each type of instrument used as of December 31, 2013 are presented in this section, with interest rate instruments broken down by maturity date and currency instruments by type of currency.

HEDGING OF INTEREST RATE RISKS

Interest rate swaps			Maturity	Total	Total
in millions of euros	2014	2015 to 2018	Beyond	31/12/2013	31/12/2012
On financial assets					–
On financial liabilities	3	219	89	311	331

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 25-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, 2013 was 67 million euros (56 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	USD(1)	GBP(1)	HUF(1)	Other(1)	31/12/2013	31/12/2012
Forward purchases	90		75	3	168	70
Forward sales	77	3		9	89	87
Currency swaps						–
Currency options						–

(1) Equivalent in euros.

HEDGING OF COMMODITIES RISKS

in millions of euros	Brent/WTI	Fuels	31/12/2013	31/12/2012
Forward purchases			0	3
Forward sales	6	13	19	8
Swaps				
Options			0	6

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

As of December 31, 2013, this hedging represented the equivalent of 71,000 barrels of Brent and 31,000 tons of Fuels sold forward for a notional amount of 19 million euros (i.e. volume multiplied by the forward price at the balance sheet date). The fair value of this stock of hedging instruments as of December 31, 2013 has a negligible impact on other income and expenses accounted for the Group (cash flow hedge and fair value hedge).

MARKET VALUE OF HEDGING INSTRUMENTS

As of December 31, 2013, the market value (i.e. the net present value) of hedging instruments at year end was (20) 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: (13) million euros;
- cash flow hedging instruments: (7) 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 – (13) 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 (13 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 (7) million euros, including accrued interest not due.

If interest rates rose 1% (or respectively fell 1%, but not below 0%), the market value of the hedging instruments would decrease from (20) to (6) million euros (or respectively increase to (32) million euros), including incurred interest not due.

If the euro declined 1% with respect to all other currencies, the market value of the hedging instruments would increase from (20) to (22) 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 (20) to (22) million euros, including accrued interest not due.

Measurement has been made by an independent service provider, according to 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 cover is required for all 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 damage insurance covers damage affecting property included in the companies' asset base. Coverage amounts are generally equivalent to the value of the assets.

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 2013 were as follows:

Company	Registered office	% stake held
Furfari Paving	Scarborough (Canada)	100%
Tropic Asphalts Pty Ltd	Newcastle (Australia)	100%
Hauconcourt Enrobés	Hauconcourt (France)	40%
Prakan	Prague (Czech Republic)	100%
Gentil et Fils SA	La Sagne (Switzerland)	100%
Ascovil	Crisnée (Belgium)	50%

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

The following supplemental acquisitions of equity interest were made:

Company	Registered office	% stake acquired	% stake held
SES Nouvelle	Paris (France)	65%	100%
Colas Australia	Camellia (Australia)	6%	100%
Godet et Fils	Rubécourt-et-Lamécourt (France)	35%	100%
INMS – Ingénierie Nouvelle en Mécanique des Sols	Saint-Martin-de-Crau (France)	15%	50%

STRATEGY

Colas' strategy continues to take root in profitable growth, with a special focus on responsible development. The Group thus addresses cornerstone social, societal and environmental issues while aiming to meet the modern world's real needs for mobility, urban development and environmental protection. Colas' strategic targets are as follows:

• **consolidating and expanding** operations in France and worldwide, mainly through external growth, to establish and develop a sustainable leadership position in local markets and spread risk through geographic diversification.

Since Colas' business activities require a stable political, legal and tax environment to thrive, the Group has always invested primarily in developed countries, mostly in North America, Europe and Australia. However, Colas may make targeted investments in other zones, if the project offers a reasonable level of security for investments;

• **securing the materials and resources required for operations** (notably aggregates and bitumen) through a process of optimized industrial integration to ensure:
– better security and quality of the resources the Group needs to expand,
– increased added value,
– an improved competitive edge, notably thanks to synergies and savings due to reduced transport distances for construction materials

• **pursuing the development of existing Specialized Activities** in order to:
– expand the Group's customer offerings,
– develop synergies,
– enter new regions and markets,
– position the Group on growth markets such as railways;

• **developing an expanded and innovative offering of services by:**
– developing complex offerings (PPPs, concessions, network management) that leverage the full range of Colas' technical skills – from order to design, construction and maintenance – as well as its legal and financial expertise,
– highlighting major projects that are complementary to the Group's traditional business activities;

• **designing new products and techniques,** backed by a Research and Development policy that aims at anticipating customer demands in terms of quality, comfort, safety, environmental protection and cost;

• **focusing on profitability** rather than volume, with the ongoing aim of improving profit margins in all business segments.

STRENGTHS

The Group's strengths reside in the following driving forces:

• **strong footholds in long-term, high potential growth markets:**
– 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 work sites, the Group benefits from broad risk diversification;

• **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;

• **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;

• **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;

• **human capital** that creates collective intelligence, with values and a passion forged over Colas' long history and shared by more than 60,000 employees, passed on from generation to generation, and carefully cultivated and enriched through the Group's adapted human resources policy;

• **technical innovation** fostered by a vast, dedicated international network comprising 2,000 people and the Campus for Science and Techniques, the world's leading private R&D center in the road industry, along with some 50 laboratories and one hundred technical engineering and design offices;

• **recognized technical, legal and financial expertise in managing complex contracts,** enabling Colas to provide a comprehensive offering throughout its existing business network, spanning the full range of design, finance, construction, engineering and maintenance of large-scale transport infrastructure projects. Colas is able to win major commercial successes and can seize opportunities to optimize the technical requirements and financing constraints of its customers, within the framework of complex projects, such as concessions, PPP, PFI, MAC/ASC, etc.;

• **development capacities via both external and internal growth.** The more than 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;

• **solid financial structure** with strong cash flow, which are key advantages when bidding on some contracts and also enable the Group to pursue its growth strategy by taking advantage of targeted investment opportunities.

OUTLOOK 2014

2013 was marked by a series of significant commercial successes:
– in Roads: contracts for a PPP public-private partnership for the L 2 loop in Marseille (contract intake: 66 million euros), for the construction of sections of Motorways M 85 (91 million euros), M 4 (78 million euros) and M 89 (43 million euros) in Hungary along with Highway R 2 (80 million euros) in Slovakia, and for a public-private partnership at the International Iqaluit Airport in Canada (contact intake: 70 million euros);
– in Railways: contracts for the design-build of the Tangiers-Kenitra high speed train line in Morocco (124 million euros), and the construction and maintenance of metro lines 3 and 6 in Santiago, Chile (67 million euros).

2014 has gotten off to a healthy start for Colas, with a high level of work-on-hand at the end of December 2013 (up 6% from the end of 2012) at 7.1 billion euros, of which 3.3 billion euros for mainland France (–6%) and 3.8 billion euros in the international and French overseas units (+18%).

At the beginning of 2014, the Group won public-private partnership contracts for the Troissereux bypass in France (contract intake: 20 million euros) and for the construction of a causeway and an interchange on Reunion Island's Nouvelle Route du Littoral coastal road (contract intake: 318 million euros), neither of which are included in work-on-hand at the end of December.

The hypotheses for outlook on Colas' main markets in 2014 are as follows:
• Roads:
– the market in Mainland France will decrease from 2013, due to the overall economic situation, a slump in government funding to local authorities, and municipal elections in March 2014;
– in North America, after several years of downward trending volumes, the road market in the United States should benefit from a gradual recovery and the current long-term federal infrastructure plan. The Canadian market will enjoy less buoyant growth than in previous years, with budget cuts in certain provinces, but should still benefit from a solid economy;
– in Europe, the market should remain essentially stable with disparities amongst the countries. In central Europe, work-on-hand should allow business to gain ground;
– in Asia, Australia and Africa, notably in southern Africa, business should remain buoyant.

• Specialized activities: the situation amongst the different lines of business should be contrasted. No changes are expected in the refining sector, whereas Railways should enjoy growth-oriented markets and continue to make headway. Outlook for Pipelines is good, with several opportunities in international markets. Waterproofing, impacted by the building sector, and Road Safety and Signaling, impacted by the road sector, will probably operate in downward trending markets.

Against this backdrop, Colas will continue to endeavor to improve operations and profitability. Rolled out in record time, the new organization for the Group's road companies in Mainland France, which operate in seven regional subsidiaries as of January 1, 2013, is a success and should allow Colas to adapt to forecast drops in the sector. Action plans are currently under way to improve two lines of business that negatively impacted 2013: refining, and civil engineering in the United States. Profitability will be favored over growth.

Cofiroute: on January 31, 2014, Colas sold its 16.67% stake in the highway concession company Cofiroute, with the following impact on 2014:
– sales proceeds of 780 million euros;
– net after tax capital gain of 385 million euros;
– results of equity accounted associates will drop (49 million euros in 2013).

On the basis of all available data, revenue in 2014 should remain essentially unchanged from 2013(1).

(1) With comparable accounting methods given that the application of IFRS 11 in 2014 will require the use of the equity method for joint ventures consolidated in 2013 using the proportional consolidation method.

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 170,040,171.76 euros, compared with 252,765,329.91 euros in 2012. Unappropriated earnings from the fiscal year plus unappropriated retained earnings totaled 721,440,103.23 euros, which we propose that you appropriate as follows:

- to the legal reserve: 0 euro;
- to a dividend payout:

in the amount of
as of April 29, 2014; 237,071,662.74 euros,

- balance of unappropriated earnings: 484,368,440.49 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 2010, a dividend of 6.30 euros;
- in respect of 2011, a dividend of 7.26 euros;
- in respect of 2012, a dividend of 7.26 euros.

We propose that this dividend be paid in cash with a payment date of April 29, 2014.

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, 2013 totaled 123,704 thousand euros(1), by maturity at the balance sheet date, is indicated below:

in thousands of euros Year	Due in 1 month	Due in 2 months	Due in 3 months	Total
2011	44,009	926	16	44,951
2012	55,892	7,874	3	63,769
2013	123,285	419	0	123,704

(1) Does not include foreign profit centers.

COMPENSATION OF COMPANY OFFICERS – STOCK OPTIONS GRANTED TO COMPANY OFFICERS, DIRECTORS AND EMPLOYEES

This section includes all related reporting required by the French Commercial Code, as well as tables recommended by the Afep-Medef Code of corporate governance (version of December 2008, revised in June 2013) or by the AMF recommendation released on December 22, 2008 and updated on December 10, 2009 concerning the Company officer compensation disclosures to be provided in French registration documents (*documents de référence*).

Principles and rules for determining the Chairman and Chief Executive Officer's compensation for the fiscal year

FIXED COMPENSATION AND BENEFITS IN KIND FOR THE FISCAL YEAR

Fixed compensation is determined based on the level and difficulty of responsibilities, experience in the job and seniority in the Group, as well as practices documented at companies or groups of companies whose business activities are comparable.

Benefits in kind consist of a company car.

VARIABLE COMPENSATION FOR THE FISCAL YEAR

Variable compensation is determined on an individual basis. In the case of the Chairman and Chief Executive Officer, the Board of Directors has established a set of criteria for determining variable compensation, and has capped it at 150% of fixed compensation.

Variable compensation is based on performance, as measured by three significant business indicators. Some criteria are qualitative in nature. The criteria for variable compensation are as follows:

- P1: change in the consolidated net profit attributable to the Group at Bouygues (30% if target is reached);
- P2: change in the consolidated net profit attributable to the Group at Colas, versus the plan (35% if target is reached);
- P3: change in the consolidated net profit attributable to the Group at Colas, versus the prior fiscal year (35% if target is reached);
- P4: the quantitative targets, of which there are four (50% if target is reached).

The quantitative and qualitative criteria are clearly established and stipulated but are not published for confidentiality reasons. At the beginning of 2009, the Board of Directors decided to give more weight to these qualitative criteria, as recommended by the Compensation Committee, based on the consideration that executive performance in times of economic crisis should extend to more than just financial results.

Each criterion determines a part of variable compensation.

The Board of Directors retains the right to grant a bonus under exceptional circumstances after consulting with the Compensation Committee.

The Chairman and Chief Executive Officer's overall compensation also takes into account the existence of a capped pension add-on and the absence of any specific agreement to provide separation pay.

Hervé Le Bouc's definitive variable compensation for fiscal year 2013 was determined based on the individual quantitative and qualitative criteria described above. His variable compensation was 116% of his fixed compensation in 2013 (50% in 2012), which is within the 150% cap on the ratio of variable-to-fixed compensation.

Hervé Le Bouc's compensation is paid by Bouygues and billed by Bouygues to Colas under the agreement that governs relations between Bouygues and Colas, which has been put through the proper procedure for regulated agreements.

Compensation granted to the Chairman and Chief Executive Officer

TABLE 1 – SUMMARY OF COMPENSATION, BENEFITS IN KIND AND STOCK OPTIONS GRANTED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(in euros)	Hervé Le Bouc Chairman and Chief Executive Officer	
	2013	2012
Compensation due for the fiscal year (see details in table below)	2,010,116	1,403,100
Value of options granted during the fiscal year	81,192	44,620
Value of performance shares granted during the fiscal year[1]	0	0
TOTAL	**2,091,308**	**1,447,720**
Change 2013/2012/2011	**+44%**	**−41%**

(1) No performance shares were granted.

TABLE 2 – COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Position		Compensation[1]	Amounts[2] for fiscal year 2013 (in euros)		Amounts[2] for fiscal year 2012 (in euros)		Criteria for variable compensation (fiscal year 2013)[6]
			due[3]	paid	due[3]	paid	
Hervé Le Bouc (61 years old)	**Chairman and CEO**	Fixed – Change	920,000 0%	920,000	920,000 0%	920,000	
		Variable – Change – % variable/ fixed[4] – Cap[5]	1,067,016 132% 116% 150%	460,000	460,000 −67% 50% 150%	1,380,000	> Change in Bouygues' consolidated net earnings[7] (30%). > Change in Colas' consolidated net earnings with respect to the Plan (35%). > Change in Colas' consolidated net earnings[7] compared to 2012 (35%). > Qualitative criteria (50%).
		Exceptional compensation	0		0	0	
		Directors' fees	19,000	19,000	19,000	17,750	
		Benefits in kind	4,100	4,100	4,100	4,100	
		TOTAL	**2,010,116**	**1,403,100**	**1,403,100**	**2,321,850**	

(1) No remuneration other than that mentioned in this table was paid to the Chairman and Chief Executive Officer by Colas Group companies.
(2) Amounts due = all amounts allocated in respect of one fiscal year. Amounts paid = all amounts paid over the fiscal year, with the understanding that the variable portion allocated in respect of one fiscal year is paid during the first quarter of the following fiscal year.
(3) Amounts due – Change: the percentages shown below the fixed and variable compensation amounts represent the change compared to the previous fiscal year.
(4) Variable compensation expressed as a percentage of fixed compensation.
(5) Variable compensation cap, set as a percentage of fixed compensation.
(6) Criteria for variable compensation: the proportion represents the weight of the criterion in determining total variable compensation.
(7) Consolidated net earnings = Colas' consolidated net earnings attributable to the Group.

Directors' fees

TABLE 3 – DIRECTORS' FEES

The overall amount of Directors' fees to be allotted to the Chairman and Chief Executive Officer and to the Directors of Colas was set by the Shareholders' Meeting of April 17, 2007 at 250,000 euros for each fiscal year, to be apportioned as seen fit by the Board of Directors.

Directors' fees paid in 2013 were in the following amounts:

in euros		Source	2013	2012
Hervé Le Bouc	Chairman and Chief Executive Officer	Colas SA Directors' fees	19,000	17,750
Subtotal: Executive Company officers			**19,000**	**17,750**
Christian Balmes	Director	Colas SA Directors' fees	19,000	17,750
François Bertière	Director	Colas SA Directors' fees	19,000	17,750
Olivier Bouygues	Director	Colas SA Directors' fees	19,000	17,750
Louis Gabanna	Director	Colas SA Directors' fees	19,000	17,750
Thierry Genestar	Director	Colas SA Directors' fees	19,000	17,750
Jean-François Guillemin	Director	Colas SA Directors' fees	19,000	17,750
Jacques Leost	Director	Colas SA Directors' fees	19,000	17,750
Colette Lewiner	Director	Colas SA Directors' fees	19,000	17,750
Philippe Marien	Director, Permanent Representative of Bouygues SA	Colas SA Directors' fees	19,000	17,750
Thierry Montouché	Director, Board Secretary	Colas SA Directors' fees	19,000	17,750
Jean-Claude Tostivin	Director	Colas SA Directors' fees	19,000	17,750
Gilles Zancanaro	Director	Colas SA Directors' fees	19,000	17,750
Subtotal: Other Directors			**228,000**	**213,000**
TOTAL DIRECTORS' FEES FOR EXECUTIVE COMPANY OFFICERS AND DIRECTORS			**247,000**	**230,750**

Starting in fiscal year 2014, the manner in which Directors' fees are apportioned will be revised to account for Directors' actual participation in the Board, and to allot additional fees to Directors who participate in specialized Board committees.

In 2013, Hervé Le Bouc also received a total of 25,000 euros in Directors' fees in respect of his directorship at Bouygues SA.

Other compensation

COMPENSATION OF SALARIED DIRECTORS FOR THE FISCAL YEAR

Position and seniority within the Group		Amounts for fiscal year 2013 (in euros)		Amounts for fiscal year 2012 (in euros)	
		due	paid	due	paid
Louis Gabanna(1) (32 years)	– Fixed	425,700	425,700	415,200	415,200
	– Variable	291,970	379,600	379,600	379,600
	– Directors' fees	19,000	19,000	19,000	17,750
	– Benefits in kind	–	–	–	–
	TOTAL	736,670	824,300	813,800	812,550
Thierry Genestar (34 years)	– Fixed	565,664	565,664	520,620	520,620
	– Variable	380,000	345,000	345,000	350,000
	– Directors' fees	19,000	19,000	19,000	17,750
	– Benefits in kind	–	–	–	–
	TOTAL	964,664	929,664	884,620	888,370
Jacques Leost (37 years)	– Fixed	807,635	807,635	744,436	744,436
	– Variable	480,000	461,000	461,000	400,000
	– Directors' fees	19,000	19,000	19,000	17,750
	– Benefits in kind	–	–	–	–
	TOTAL	1,306,635	1,287,635	1,224,436	1,162,186
Thierry Montouché (34 years)	– Fixed	516,628	516,628	478,332	478,332
	– Variable	280,000	260,000	260,000	260,000
	– Directors' fees	19,000	19,000	19,000	17,750
	– Benefits in kind	–	–	–	–
	TOTAL	815,628	795,628	757,332	756,082

(1) Compensation paid out in Canadian dollars (average exchange rate 2012 and 2013: 1.37).

Report on 2013 performance shares or options

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. It presents the tables recommended by the Afep-Medef Code on corporate governance, regarding the information to provide on the compensation of Company officers.

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

OPTIONS GRANTED BY THE COMPANY

In 2013, 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. At the end of December 2013, no Colas share subscription options existed.

BY RELATED COMPANIES

Stock options entitling the holder to subscribe for new Bouygues shares are granted to individuals who work for Colas or its subsidiaries, by Bouygues, in a manner pursuant to article L. 225-180 of the French Commercial Code.

GENERAL INFORMATION: FEATURES OF SHARE SUBSCRIPTION OPTIONS

All share subscription options granted by Bouygues (the parent company of Colas) in 2013 conform to the following characteristics:

- exercise price: average of the first quoted prices for the twenty trading sessions leading up to the grant, not discounted;
- total duration: seven years and six months beginning on the grant date;
- vesting period: four years beginning on the grant date;
- exercise period: three years and six months beginning at the end of the vesting period (three exceptions for exercise at any time during those seven years: exercise by holder's heir no later than six months after holder's death; change in control over Bouygues or public offer of purchase [OPA] or exchange [OPE] directed at Bouygues; exercise pursuant to article L. 3332-25 of the French Labor Code, using credits acquired under the Group's Company Savings Plan [PEE]);
- automatic cancellation if the holder's employment contract or term of office comes to an end, barring special authorization, an inability to work, or retirement.

SHARE SUBSCRIPTION OPTIONS GRANTED TO, OR EXERCISED BY, EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS IN 2013

Options entitling the holders to subscribe for new Bouygues shares were granted in 2013.

The exercise price was set at 22.28 euros per subscribed share.

At the time of the grant, as measured in the consolidated financial statements, the value of one option was 1.0149 euros.

TABLE 4 – SHARE SUBSCRIPTION OPTIONS GRANTED TO EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS

Executive Company officers	Granting company	Grant date	Number of options	Exercise price (in euros)
Hervé Le Bouc	Bouygues	March 28, 2013	80,000	22.28
Total (a)			**80,000**	

Salaried Directors	Granting company	Grant date	Number of options	Exercise price (in euros)
Louis Gabanna	Bouygues	March 28, 2013	15,000	22.28
Thierry Genestar	Bouygues	March 28, 2013	15,000	22.28
Jacques Leost	Bouygues	March 28, 2013	15,000	22.28
Thierry Montouché	Bouygues	March 28, 2013	15,000	22.28
Total (b)			**60,000**	
TOTAL (a + b)			**140,000**	

TABLE 5 – SHARE SUBSCRIPTION OPTIONS EXERCISED BY EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS

Executive Company officers and Salaried Directors	Granting company	Plan	Number of options	Exercise price (in euros)
	Bouygues	None		

No options were exercised by Executive Company officers or salaried Directors in 2013.

Performance shares

TABLE 6 – PERFORMANCE SHARES GRANTED TO EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS

No performance shares were granted by the Company in 2013.

TABLE 7 – PERFORMANCE SHARES MADE AVAILABLE DURING THE FISCAL YEAR TO EXECUTIVE COMPANY OFFICERS AND SALARIED DIRECTORS

No performance shares were made available since no performance shares were granted.

Share subscription options by plan and by type of recipient

TABLE 8 – BREAKDOWN OF SHARE SUBSCRIPTION OPTIONS BY PLAN AND BY TYPE OF RECIPIENT

	2013	2012	2011	2010	2009	2008	2007	2006
Date of Bouygues SA Shareholders' Meeting	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005	28/04/2005	28/04/2005
Grant date	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008	05/06/2007	05/09/2006
Number of options granted to persons working at Colas	850,000	990,000	887,850	1,184,000	1,355,000	1,348,000	1,232,100	948,500
– of which: Company officers and salaried Directors(1)(2)	220,000	157,000	172,000 (174,228)(4)	214,000 (216,772)(4)	194,000 (196,513)(4)	140,000 (141,812)(4)	190,000 (192,461)(4)	135,000 (136,749)(4)
Hervé Le Bouc	80,000	97,000	97,000	130,000	150,000	100,000	150,000	
Louis Gabanna	15,000	15,000	15,000	21,000				
Thierry Genestar	15,000	15,000	15,000	21,000	22,000	20,000	20,000	
Jacques Leost	15,000	15,000	21,000	21,000				
Thierry Montouché	15,000	15,000	15,000	21,000	22,000	20,000	20,000	15,000
– of which: top ten employee recipients	81,000	88,000	83,500	100,000	165,000	167,000	160,000	128,000
Original exercise price before adjustment	€22.28	€20.11	€31.84	€34.52	€25.95	€43.23	€63.44	€40.00
Exercise price after adjustment(3)	€22.28	€20.11	€31.43	€34.08	€25.62	€42.68	€62.63	€39.49
Earliest exercise date	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012	05/06/2011	05/09/2010
Expiration date	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015	05/06/2014	05/09/2013

(1) Total number of options granted, including salaried Directors who were no longer members of the Board in 2013.
(2) This list only includes currently serving Executive Company officers and salaried Directors.
(3) In compliance with French law, the exercise price and the number of options granted were adjusted on November 15, 2011, following a public share buyback offer (OPRA) by Bouygues SA (the parent company).
(4) After the adjustment of the number of options carried out on November 15, 2011, due to the public share buyback offer (OPRA) by Bouygues SA (the parent company).

Share subscription options granted to, or exercised by, the ten employees who received the most options during the fiscal year

TABLE 9 – SHARE SUBSCRIPTION OPTIONS GRANTED TO THE TEN NON-CORPORATE OFFICER COLAS SA EMPLOYEES WHO RECEIVED THE MOST OPTIONS DURING THE FISCAL YEAR

Employees	Granting company	Grant date	Number of options	Exercise price (in euros)
Philippe Tournier	Bouygues	28/03/2013	15,000	22.28
Christophe Da-Poïan	Bouygues	28/03/2013	9,000	22.28
Daniel Ducroix	Bouygues	28/03/2013	9,000	22.28
Patrick Guénolé	Bouygues	28/03/2013	9,000	22.28
Frédéric Roussel	Bouygues	28/03/2013	9,000	22.28
Thierry Le Roch'	Bouygues	28/03/2013	8,000	22.28
Jean-Paul Brossard	Bouygues	28/03/2013	7,500	22.28
Philippe Decarnin	Bouygues	28/03/2013	7,500	22.28
Jean-Claude Ducamp	Bouygues	28/03/2013	7,500	22.28
Alain Clotte	Bouygues	28/03/2013	7,000	22.28
TOTAL			**88,500**	

TABLE 9 BIS – SHARE SUBSCRIPTION OPTIONS EXERCISED IN FISCAL YEAR 2013 BY THE TEN COLAS SA EMPLOYEES WHO EXERCISED THE MOST OPTIONS

Employees	Granting company	Plan concerned	Number of options exercised	Exercise price (in euros)
Yves François	Bouygues	01/04/2009	15,195	25.62
Alain Clotte	Bouygues	01/04/2009	7,091	25.62
Dominique Billon	Bouygues	01/04/2009	3,039	25.62
Étienne Le Bouteiller	Bouygues	01/04/2009	2,533	25.62
Jean-Romain Poulain	Bouygues	01/04/2009	2,026	25.62
Jacques Armellin	Bouygues	01/04/2009	1,013	25.62
Christophe Guy	Bouygues	13/06/2012	929	20.11
Frédéric Bourghelle	Bouygues	13/06/2012	300	20.11
Nicolas Galbois	Bouygues	13/06/2012	250	20.11
Stéphane Freducci	Bouygues	13/06/2012	187	20.11
TOTAL			32,563	

Other information on Executive Company officers and salaried Directors

TABLE 10 – CHAIRMAN AND CHIEF EXECUTIVE OFFICER: SEPARATION OF CORPORATE OFFICE AND EMPLOYMENT – SUPPLEMENTARY PENSION PLAN – SEPARATION PAY – NON-COMPETITION PAYMENT

Executive Company officer	Employment contract		Supplementary pension plan(1)		Indemnities or benefits due or potentially due as a result of termination or change in position(2)		Indemnities relating to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Hervé Le Bouc Position: Chairman and Chief Executive Officer	X		X(1)			X(2)		X

(1) Pension add-on: Hervé Le Bouc: members of the Bouygues Group's General Management Committee are covered by a supplementary pension plan, which represents 0.92% of their base salary (average of three best years) per year of seniority in the plan, capped at eight times the French Social Security limit (currently about 296,000 euros). The supplementary pension plan is only available after ten years of service within the Group and if the person is a member of the General Management Committee when he or she retires. It should be noted that the form of this additional plan is that of an insurance contract entered into with an insurance provider outside the Group.
Salaried Directors: senior executives, of which the three salaried Directors – Thierry Genestar, Jacques Leost and Thierry Montouché – are covered by an outsourced supplementary pension plan (article 83) with defined contributions; the amounts paid by the Company in respect of this plan in 2013 came to 44,426 euros for Jacques Leost, 29,682 euros for Thierry Genestar and 23,805 euros for Thierry Montouché.
(2) Separation pay: neither the Company and its subsidiaries nor Bouygues have made any commitment or any promise to grant separation pay to the Chairman and Chief Executive Officer. It should be noted that, while this does not constitute separation pay, Hervé Le Bouc, who is employed by Bouygues, would be covered by the applicable collective bargaining agreement (for Bouygues SA, the collective bargaining agreement for management-level employees of the construction industry in the Paris region), and would therefore be entitled to the indemnities provided for under this agreement in the event that his employment contract should come to an end.

SHARE CAPITAL

SHARE CAPITAL IN 2013

As of January 1, 2013, 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, 2013, 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, 2014, Bouygues SA directly and indirectly held 96.60% of Colas' share capital as of December 31, 2013; Colas Group employees held 0.90% via the "Colas en actions" and "Colas shares" investment funds.

As of December 31, 2013, Colas did not hold any treasury stock.

SHARE PRICE AND TRADING VOLUME

In 2013, Colas' share price on the Euronext Paris stock exchange varied from a high of 127.50 euros (April 3, 2013) to a low of 103.00 euros (June 14, 2013) and ended the year at 123.00 euros, i.e. 5.13% higher than the share price as of December 31, 2012. For purposes of comparison, during this period the French CAC 40 stock market index rose 17.99% and the French SBF 120 stock market index rose 19.49%.

COLAS SHARE PRICE

Year	Month	Share price		Number of shares traded	Share capital (in millions of euros)
		highest	lowest		
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
2013	January	127.00	116.00	20,383	2.5
	February	123.90	116.25	31,992	3.9
	March	124.90	116.00	12,496	1.5
	April	127.50	113.20	20,227	2.4
	May	115.40	105.00	18,001	2.0
	June	110.00	103.00	18,588	2.0
	July	108.00	103.10	10,530	1.1
	August	115.00	107.50	18,481	2.1
	September	116.00	110.45	55,466	6.4
	October	123.75	113.00	31,335	3.7
	November	122.00	116.00	22,396	2.7
	December	124.25	116.20	27,354	3.3

SPECIAL REPORT ON SHARE BUYBACK PROGRAMS

2013 share buyback and retirement programs

Pursuant to articles L. 225-209 *et seq.* of the French Commercial Code, the Combined Shareholders' Meeting of April 16, 2013, in its fourteenth 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 2013.

2014 share buyback program

DESCRIPTION OF PROGRAM AND REQUEST FOR AUTHORIZATION FROM THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 15, 2014

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 15, 2014 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 15, 2014, this authorization would replace that previously granted by the Combined Shareholders' Meeting of April 16, 2013 in its fourteenth 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, 2013, these funds owned 294,846 Colas shares;
- maximum proportion of share capital: 294,846 shares, i.e. 0.90% of the current issued share capital;
- maximum purchase price: 175 euros;
- maximum amount payable by the Company: 51,598,050 euros based on the maximum purchase price;
- financing methods: 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 15, 2014, i.e. until October 15, 2015.

SYNOPSIS OF AUTHORIZATIONS AS OF 12/31/2013

Authorization	Maximum amount	ASM or ESM	Duration
Issuance of shares reserved for employees without preferential subscription rights (Resolution 24)	10% of share capital	16/04/2013	26 months
Issuance of shares or securities of any type, with or without preferential subscription rights (Resolutions 19, 20, 21, 22, 23)	15 million euros	16/04/2013	26 months
Acquisition by the Company of its own shares (Resolution 14)	10% of share capital	16/04/2013	18 months
Retirement by the Company of its own shares (Resolution 18)	10% of share capital	16/04/2013	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, 2013; 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 170,040,171.76 euros with the distribution of a dividend of 7.26 euros per share for payment as of April 29, 2014; 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:

- ratify the co-option of a Director to replace a Director who has resigned, for the remainder of the resigning Director's term (5th resolution);
- renew the appointments of two Directors for a term of two years, i.e. until the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2015 (6th and 7th 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 294,846 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 16, 2013, is requested for a period of eighteen months (8th resolution);
- render an opinion in favor of the items of compensation due and awarded to the Chairman and Chief Executive Officer, Hervé Le Bouc, in respect of fiscal year 2013 (9th resolution);
- grant full powers to carry out all necessary filings and formalities (10th resolution).

EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

RESOLUTIONS

RESOLUTIONS FOR THE EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

Under this proposal you are asked to approve a modification of the Company's by-laws which would change the age limit addressed in articles 16 and 20, for the positions of Chairman and Chief Executive Officer or Chief Executive Officer, to sixty-seven years. The term in office of a Chairman of the Board of Directors and Chief Executive Officer or Chief Executive Officer having turned sixty-five would be subject to confirmation by the Board of Directors, at its next meeting, to continue for no more than one year. That appointment could then be renewed for a second one-year period, until the Chairman and Chief Executive Officer or Chief Executive Officer turns sixty-seven, at which time he or she would automatically be deemed to have resigned. The limits thus fixed would also apply to Deputy Chief Executive Officers (11th resolution).

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 (12th resolution);
- issue all investment securities that grant entitlement to an allotment of debt instruments (other than obligations specified in article L. 228-40 of the French Commercial Code) (13th resolution);
- grant full powers to carry out all necessary filings and disclosures (14th 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 24, 2014.

The Board of Directors

OVERVIEW OF THE ORGANIZATION OF THE BOARD OF DIRECTORS

MEMBERSHIP

As of its meeting of February 24, 2014, your Board consisted of the following 13 Directors:

Hervé Le Bouc – Company officer

Christian Balmes – Independent Director

François Bertière

Olivier Bouygues

Louis Gabanna

Thierry Genestar

Jean-François Guillemin

Jacques Leost

Colette Lewiner – Independent Director

Philippe Marien, permanent representative of Bouygues SA

Thierry Montouché

Jean-Claude Tostivin

Gilles Zancanaro

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

CHANGES IN MEMBERSHIP OF THE BOARD IN 2013

Nine Directors were reappointed at the Shareholders' Meeting held on April 16, 2013: Hervé Le Bouc, Colette Lewiner, Christian Balmes, François Bertière, Olivier Bouygues, Thierry Genestar, Jacques Leost, Thierry Montouché, and Bouygues SA.

CHANGES IN MEMBERSHIP OF THE BOARD UPON ITS MEETING ON FEBRUARY 24, 2014

During the Board's meeting on February 24, 2014, changes were made to the membership of the Board of Directors in order to improve governance compliance with the recommendations of the Afep-Medef Code.

Resignations of Directors

The following Directors informed the Board that they will resign from their appointments:

• Thierry Genestar, Jacques Leost and Thierry Montouché, salaried Directors: the appointments of these three Directors shall expire upon the 2015 Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014;

• Louis Gabanna, salaried Director, whose appointment as a Director shall expire upon the Shareholders' Meeting to be held on April 15, 2014;

• Christian Balmes, Independent Director, whose appointment shall expire upon the 2015 Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014;

• Jean-Claude Tostivin, whose appointment shall expire upon the Shareholders' Meeting to be held on April 15, 2014.

On the Chairman's proposal and accepted unanimously by the Directors present and represented, Martine Gavelle was co-opted to replace Thierry Montouché, who resigns. This appointment, if ratified by the Shareholders' Meeting on April 15, 2014, shall expire upon the 2015 Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

RESOLUTIONS CONCERNING BOARD MEMBERSHIP SUBMITTED TO THE SHAREHOLDERS' MEETING

A proposal will be submitted to the Shareholders' Meeting of April 15, 2014 recommending:

• the ratification of the appointment of Martine Gavelle for the remainder of the term, which shall expire upon the 2015 Annual Shareholders' Meeting, to be called to approve the financial statements for fiscal year 2014;

• the reappointment of two Directors for additional two-year terms: Jean-François Guillemin and Gilles Zancanaro.

If the Shareholders' Meeting of April 15, 2014 approves these three resolutions, the Board of Directors will then be composed of eight Directors:
– Hervé Le Bouc – Company officer
– François Bertière
– Olivier Bouygues
– Martine Gavelle – Independent Director
– Jean-François Guillemin
– Colette Lewiner – Independent Director
– Philippe Marien, permanent representative of Bouygues SA
– Gilles Zancanaro.

The Board will include two female Directors among the eight total Directors, pursuant to the French law of January 27, 2011. The Board recognizes Martine Gavelle and Colette Lewiner as Independent Directors.

In spite of the Afep-Medef Code recommendation that controlled companies should have at least one-third of Independent Directors, the Board of Directors believes that having 25% of Independent Directors provides a good balance of competence and independence, bearing in mind that the Company is 96% controlled by Bouygues. The goal for 2014 is to reach the one-third mark set by the Afep-Medef Code.

POTENTIAL CONFLICTS OF INTEREST

Directors make sure not to engage in any activity that could generate a conflict of interest with the Company. Notably, Directors do not hold any interests or investments in customers, suppliers or competitors of the Company, where such interests or investments could influence the way a Director performs his or her Board duties.

Directors and Company officers have agreed to inform the Board of Directors of any conflict of interest, existing or potential, between their duties to the Company and their private interests and/or other duties. Directors have also agreed not to take part in voting on any decision that concerns them directly or indirectly. If called for, the Director concerned may have to refrain from attending meetings of the Board of Directors as long as such decisions are being made and, where applicable, for the duration of voting on the resolutions. He or she may also have to forego access to any related documents or information brought to the attention of the other Directors.

The Statutory Auditors' special report on regulated agreements and commitments covers the agreements and commitments submitted for authorization by the Board and on which some Directors have abstained from voting because of existing or potential conflicts of interest.

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. After meeting on February 24, 2014, the Board of Directors will submit a proposal to the Extraordinary Shareholders' Meeting of April 15, 2014 to modify the Company's by-laws to reduce the age limit for a Chairman and Chief Executive Officer, Chief Executive Officer, or Deputy Chief Executive Officer from 72 to 67 years old. Under the proposal, when the Chairman and Chief Executive Officer, Chief Executive Officer, or Deputy Chief Executive Officer turns 65, his or her term in office can continue for a maximum of one year subject to confirmation by the Board of Directors at its next meeting. That appointment can then be renewed for a second one-year period, until the age of 67, at which time the person in question will automatically be deemed to have resigned.

COMMITTEES

The Board is assisted in the performance of its duties by an Audit Committee, a Selection and 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 were Philippe Marien (Chairman), Christian Balmes, Thierry Montouché and Gilles Zancanaro up until and including February 24, 2014. From February 24, 2014, this Committee's members will be Philippe Marien (Chairman), Colette Lewiner 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 Selection and Compensation Committee is responsible for recommending to the Board the compensation and benefits for the Chairman and Chief Executive Officer, and periodically examining issues regarding the composition, organization and functioning of the Board of Directors, with the aim of making proposals to the Board. The previous members of the Compensation Committee were Jean-François Guillemin and Olivier Bouygues. From February 24, 2014, this Committee's members will be Colette Lewiner (Chairman with a casting vote) and Jean-François Guillemin.

Created on November 25, 2009, the Ethics Committee is responsible for reviewing all alerts or situations that might expose the Group to risks. It was comprised of three Directors: Christian Balmes, Jean-François Guillemin and Thierry Montouché. From February 24, 2014, this Committee's members will be Jean-François Guillemin and François Bertière.

ACTIVITY REPORT OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

The Board met seven times during fiscal year 2013. The average attendance rate at Board of Directors' meetings was 85%.

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

On January 8, 2013, the Board reviewed the three-year business plan for the period 2013-2015 (outlook and operational action plans).

On February 22, 2013, 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 2012, developments in each of the Group's business segments, the Group's strategies and outlook for 2013, work-on-hand, industrial potential and future strategies, the year's investments, the investment budget for fiscal year 2013, 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 6, 2013, the Board reviewed the position of the Company and its subsidiaries for the first quarter of 2013. A progress report was presented on the reorganization of the Group's road construction business in Mainland France.

On August 23, 2013, the Board reviewed the position of the Company and its subsidiaries for the first half of 2013, reviewed work-on-hand, discussed the status of investments, and approved the consolidated financial statements for the period ending June 30, 2013. A presentation was given on the acquisition of a road construction company in the province of Ontario in Canada.

On September 25, 2013, the Board reviewed a securitization program plan and authorized the issuance of guarantees related to this plan. Guarantees to be issued were also reviewed and authorized as part of the L2 partnership contract (A507/L2 highway link in Marseille).

On November 8, 2013, the Board reviewed the Group's business activity in the third quarter of 2013 and interim financial statements for the period ending September 30, 2013.

On December 10, 2013, the Board reviewed a financial bid and its conditions for the sale of its 16.67% stake in Cofiroute's share capital.

OPERATIONS OF THE COMMITTEES ESTABLISHED BY THE BOARD

AUDIT COMMITTEE

The Audit Committee met four times during the year, on February 18, April 30, August 22 and November 6, 2013. 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 significant facts, changes in accounting rules and methods, changes in scope, segment information, major projects, trade receivables, disputes and litigation, and the results of impairment tests. An updated risk mapping and the 2013 internal audit program and its progress were presented. The Committee reviewed the reappointment of a Statutory Auditor whose appointment had expired and issued a recommendation to the Board of Directors.

In April, the Committee reviewed the significant facts for the quarter, changes in accounting rules, changes in scope and their impacts, a number of major projects, and the internal audit work and its conclusions.

In August, the Audit Committee examined segment information, operating profit and revenue, non-current assets, an updated progress report on several major projects, receivables, disputes and litigation. The Statutory Auditors presented their audit approach for 2013. A progress report on internal audit for 2013 was presented along with monitoring results.

In November, the Committee reviewed the consolidated financial statements for the period ended September 30, 2013, including significant facts and changes in scope. A study was presented on the IFRS 11 standard's impact on the accounts for the period ended September 30, 2013. The Committee reviewed major projects, and progress reports were presented on changes in significant legal disputes and the consequences of implementing a securitization program. The Committee was informed of progress made regarding the audit program and the audit plan for fiscal year 2014.

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

SELECTION AND COMPENSATION COMMITTEE

The Selection and Compensation Committee met in February 2013 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 62 main companies located in some 50 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 fields internationally has gradually been narrowed down to a handful of solutions (one in the United States, which was fully deployed in 2013 and should be gradually extended to all locations in Canada starting mid-2014, 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 Chairman and Chief Executive Officer supported by functional managers responsible for directing, developing and overseeing all operations of their subsidiary.

As of January 1, 2013, the activities of the French regional road construction subsidiaries that had operated under the Screg and Sacer brands were absorbed by the Colas regional road construction subsidiaries, thus leading to the creation of a new national network of seven regional subsidiaries.
In 2013, 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 and innovation, 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 "Group Management 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 110,000 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 level, or the Executive Management of Colas level. In 2013, executive contract committees met 51 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 2013) 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 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 Group's legal department in the framework of the multi-year plan that aims to cover the entire Group. Accordingly, in 2013, ten days of training on ethics and legal liability of managers (update of knowledge and comprehensive training) were offered: four at Smac's regional locations (Île-de-France/ Normandie, Ouest/ Sud-Ouest and Est/ Sud-Est); two for Aximum; and, outside of France, one in South Africa, two in Quebec and one in Slovakia. 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. Twelve training sessions provided by outside experts were given in 2013, including nine two- or three-hour sessions bringing together all first-level and higher-level supervisors. In addition to this offering, three four-hour training sessions were carried out internally at Colas Universities in North America. An anonymous call line allows employees to issue alerts on these subjects: 23 alerts were handled in the United States in 2013. Lastly, an online ethics training program was set up and offered to all employees with an e-mail address;
- in Canada, a Chief Ethics and Compliance Officer position was created in July 2013. Following the creation of this position, a briefing memo was sent to all the Group's employees in Canada, reminding them of the Group's ethics and compliance commitments, and its zero-tolerance policy regarding this issue. Two ethics training programs were offered to all managers at the Sintra subsidiary in Quebec. Lastly, a call line was opened to report any proven or suspected misconduct involving this subject.

These actions will be continued and improved upon in 2014. The training plan of the Group's Legal Department will continue in 2014 in Indian Ocean (Mauritius, Reunion Island, Mayotte), the Czech Republic and in Canada's other provinces. For the end of the first half of 2014 and the second half of the year, three to four training programs are planned at Colas Rail (including Colas Rail Ltd in the United Kingdom), Colas Suisse and Colas Belgium.

• 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 work site 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 Department. 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 2013 financial statements, 486 consolidation reporting packages were processed for a scope of consolidation covering 609 entities. Personnel involved included 10 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 work sites, giving a total of more than 1,100 people.

In France and around the world, cash management is centralized whenever possible. Financial flows 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 work sites 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 Chairman and Chief Executive Officer. 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, 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. 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 policies cover third-party claims and mainly include mandatory automobile insurance as well as civil liability for work sites, 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 2013, 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.

The annual self-evaluation of the principles of Colas' internal control framework covers all Colas business segments. There are 514 principles, comprised of 340 general principles and 245 accounting and financial principles, including 64 that are specific to the Group's business lines. Together they form Colas' internal control framework.

- A new assessment was performed in October 2013 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 60 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 Chairmen and CEOs, 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 Managing Directors.
- For this fifth global assessment, each subsidiary was asked to continue deploying evaluations on the operating units, using the internal control system rolled out in the Group in 2011. Consequently, 72 of the 514 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.

This new general evaluation of internal control 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 2013:

- 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;

• further deployment of equipment management system software in the Caribbean-French Guiana region, Mainland France (Nord-Picardie, Est and Ouest), the Czech Republic, Madagascar, Djibouti and at Spac;

• the energy-saving Cleanergie program was continued with a study involving some one hundred employees across a range of construction, production and quarry sites, and actions to empower managers. Some one hundred best practices and opportunities have been identified. In 2013, action plans for measuring and monitoring energy continued to be deployed in France and around the world, spurred on by Cleanergie representatives;

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

Some Group actions planned for 2014:

• continuing reorganization of the road construction subsidiaries in Mainland France;

• ongoing actions to improve employee safety, which remains a top priority at Colas;

• continuing widespread deployment of the Cleanergie program, which includes implementing an "Energy" governance system and continuing to follow the action plan;

• more business ethics training seminars under multi-year programs;

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

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

These initiatives are supplemented by local action plans, for example to formalize organizational and administrative procedures and the granting of powers of attorney, 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 2013 were Colas Hungary, Colas Ltd (United Kingdom), ABS/WASCO (Indonesia), CRB (Canada) and Colaska (United States). The entities audited in France were the subsidiaries Colas Centre-Ouest and GTOI (Reunion Island).

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

The findings of each audit are reported to the Chairman, to 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 2013 self-evaluation results will be presented to the Accounts Committee on February 19, 2014 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 IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

FISCAL YEAR ENDING DECEMBER 31, 2013

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, 2013.

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 with 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 24, 2014

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	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 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	12-14, rue Louis-Blériot – 92500 Rueil-Malmaison – France
Colas Inc.	Inc.	Director	163 Madison Avenue, suite 500 NJ 07960 Morristown – United States
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 Centre-Ouest	SA	Permanent representative of IPF	Échangeur Nantes – BP 90783 – France 2, rue Gaspard-Coriolis – 44307 Nantes – France
Colas Midi-Méditerranée	SA	Permanent representative of Colas	345, rue Louis-de-Broglie – La Duranne 13792 Aix-en-Provence – France
Colas Nord-Picardie	SA	Permanent representative of SPP	197, rue du 8-Mai-1945 – BP 10135 – 59653 Villeneuve-d'Ascq Cedex – France
Colas Rail	SA	Permanent representative of IPF	44, rue Jean-Mermoz – 78600 Maisons-Laffitte – France
Colas Sud-Ouest	SA	Permanent representative of SPP	6, avenue Charles-Lindbergh – 33700 Merignac – 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	FDT	Chairman	7, place René-Clair – 92100 Boulogne-Billancourt – France
Hincol	Ltd	Director	5 H Floor Richardson – Crudas Build Sir JJ Road BY 400008 Mumbai – India
Isco	Ltd	Director	Je-il bldg 94/49 Youngdeungpo – dong 7 ga Yougdeundpo – dong 140988 Seoul – Republic of Korea
Sacer Atlantique	SA	Permanent representative of Spare	Échangeur Nantes – BP 90783 – France 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
Tipco Asphalt (Tasco)	SA	Director	Tipco, 118/1 Rama 6 road – Samsen Nai, Phayathai 10400 Bangkok – Thaïland
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
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

Name of company	Type	Office or position in the company	Registered office
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	FDT	Member of the Board of Directors, Chairman	3, boulevard Gallieni – 92130 Issy-les-Moulineaux – France
Fondation d'Entreprise Francis Bouygues	FDT	Member of the Board of Directors	32, avenue Hoche – 75008 Paris – France
Centre Scientifique et Technique du Bâtiment	Gov. 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 – Republic of 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
Société de Distribution d'Eau de la Côte d'Ivoire (Sodeci)	SA	Director	1, avenue Christiani – Abidjan – Republic of Côte d'Ivoire
Seci	SA	Director Chairman and Chief Executive Officer	34, avenue Houdaille – Tour Sidam BP 4039 Abidjan – Republic of 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, President, Chief Executive Officer	163 Madison Avenue, suite 500 – Morristown, NJ 07960 United States
ColasCanada	Inc.	Director, Chairman of the Board	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	4984, place de la Savane – Bureau 150 – Montreal, Quebec H4P 2M9 – Canada

Name of company	Type	Office or position in the company	Registered office
Sintra	Inc.	Director, Chairman of the Board	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 – Withehorse, 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	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, Nunavut 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, Nunavut NT XIA 2R2 – Canada
Standard General	Inc.	Director	23 Bellerose Drive – St. Albert, Alberta T8N 5E1 – Canada
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 and 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 and Treasurer	2200, 10155-102 Street – Edmonton, Alberta T5J 4G8 – Canada
RoadWorks Ontario	Ltd	Director, Chairman of the Board	199 Bay Street, Suite 5300, Commerce Court West Toronto, Ontario M5L 1B9 – Canada

Name of company	Type	Office or position in the company	Registered office
Thierry GENESTAR			
Colas	SA	Director	7, place René-Clair – 92100 Boulogne-Billancourt – 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 Est	SA	Permanent representative of Colas	44, boulevard de la Mothe – 54000 Nancy – France
Colas Midi-Méditerranée	SA	Permanent representative of Spare	345, rue Louis-de-Broglie – La Duranne 13792 Aix-en-Provence – 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
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
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Permanent representative of IPF	2-4, allée Latécoère – 78140 Vélizy-Villacoublay – France
Socatop	SARL	Manager	5, cours Ferdinand-de-Lesseps 92500 Rueil-Malmaison – France
Société de la Rocade L 2 de Marseille	SA	Director	5, place de la Joliette – 13567 Marseille Cedex – 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

Name of company	Type	Office or position in the company	Registered office
Fondation d'Entreprise Francis Bouygues	FDT	Member of the Board of Directors	32, avenue Hoche – 75008 Paris – France
Université Paris II	EP	Director	12, place du Panthéon – 75231 Paris Cedex 5 – France
PRES Sorbonne Université	EP	Director	12, place du Panthéon – 75231 Paris Cedex 5 – France

Jacques LEOST

Colas	SA	Director	7, place René-Clair – 92100 Boulogne-Billancourt – France
Colas Australia	Ltd	Director	PO Box 163 – 12 Grand Avenue Granville NSW 2142 – Australia
Colas Ltd	Ltd	Director	Rowfant – RH104NF Crawley (West Sussex) Great Britain
Colas Teoranta	Ltd	Director	Unit G1 Maynooth Business Campus – Maynooth Co. Kildare – Ireland
Hincol	Ltd	Alternate Director of Hervé Le Bouc	5 H Floor Richardson – Crudas Build Sir JJ Road BY 400008 Mumbai – India
Tipco Asphalt (Tasco)	SA	Director	Tipco, 118/1 Rama 6 road – Samsen Nai, Phayathai 10400 Bangkok – Thailand

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
TGS 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, Chairwoman of the Board	106, avenue Marx-Dormoy – 92541 Montrouge Cedex – France
Eurotunel	SA	Director	3, rue de la Boétie – 75008 Paris – France
Crompton Greaves Limited	Ltd	Director	CG House, Dr A. B. Road Worli Numbaii – 400030 – India

Philippe MARIEN

Bouygues Telecom	SA	Director Chairman of the Board	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
Bouygues Europe (Belgian law)	SA	Director	52, avenue Cortenbergh – 1000 Brussels – Belgium

Name of company	Type	Office or position in the company	Registered office
Thierry MONTOUCHÉ			
Colas	SA	Director Secretary to the Board	7, place René-Clair – 92100 Boulogne-Billancourt – France
Colas Inc.	Inc.	Director	163 Madison Avenue, suite 500 – NJ 07960 Morristown United States
ColasCanada	Inc.	Director	4984, place de la Savane – H4P 2M9 Montreal – Canada
Colas Ltd	Ltd	Director	Rowfant – RH104NF Crawley (West Sussex) Great Britain
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 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 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
Fondation Colas	FDT	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
Colas Midi-Méditerranée	SA	Permanent representative of Spare *(up to January 24, 2013)*	345, rue Louis-de-Broglie – La Duranne 13792 Aix-en-Provence – 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 (Ancienne Société de Banque Privée)	SARL	Non-partner manager	16-18, impasse d'Antin – 75008 Paris – France
Qualité	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
Challenger Le Bourget	SCI	Manager	16-18, impasse d'Antin – 75008 Paris – France

Name of company	Type	Office or position in the company	Registered office
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 Arianne 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	Philippe Marien	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Bouygues Immobilier	SA	Director	Philippe Marien	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
C2S	SA	Director	Alain Pouyat	3, rue A.-Kastler – 78280 Guyancourt – France
Télévision Française 1 (TF1)	SA	Director	Philippe Marien	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France
Alstom	SA	Director	Philippe Marien	3, avenue André-Malraux 92300 Levallois-Perret – France
Colas	SA	Director	Philippe Marien	7, place René-Clair 92100 Boulogne-Billancourt – France
32 Hoche	GIE	Director	Philippe Metges	32, avenue Hoche – 75008 Paris – France
Fondation Dauphine	FDT	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, 2013

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

in millions of euros	Notes	2013	2012
Property, plant and equipment	3.2	2,332	2,456
Intangible assets	3.3	108	107
Goodwill	3.3	548	480
Investments in associates	3.4	123	456
Other financial assets	3.5	198	204
Deferred taxes and non-current tax receivables	3.6	156	157
Non-current assets		**3,465**	**3,860**
Inventories	4.1	619	608
Trade receivables	4.1	2,802	2,857
Current tax assets	4.1	49	29
Other receivables and prepayments	4.1	495	515
Cash and cash equivalents	4.2	531	435
Financial instruments	17	13	21
Current assets		**4,509**	**4,465**
Held-for-sale assets		358	–
TOTAL ASSETS		8,332	8,325

Share capital and share premium		384	384
Retained earnings		1,823	1,763
Translation reserve		(23)	55
Net profit for the year		312	302
Equity attributable to the Group		**2,496**	**2,504**
Minority interests		38	40
Equity	5	**2,534**	**2,544**
Non-current debt	8	231	258
Non-current provisions	6.1	796	818
Deferred tax liabilities and non-current tax liabilities	7	92	98
Non-current liabilities		**1,119**	**1,174**
Advances and down-payments received		364	242
Current debt	8	61	50
Current tax liabilities		54	44
Trade payables		2,080	2,060
Current provisions	6.2	261	265
Other current liabilities	10	1,646	1,628
Bank overdrafts and short-term loans		191	285
Financial instruments	17	22	33
Current liabilities		**4,679**	**4,607**
Liabilities associated with held-for-sale assets		–	–
TOTAL EQUITY AND LIABILITIES		8,332	8,325

Net financial debt	9	**39**	**(170)**

CONSOLIDATED INCOME STATEMENT

in millions of euros		2013	2012
Revenue(1)	11/16	**13,049**	**13,036**
Purchases used in production		(6,582)	(6,624)
Staff costs		(3,284)	(3,239)
External services		(2,603)	(2,535)
Taxes, other than income tax		(171)	(171)
Net depreciation and amortization expenses		(417)	(457)
Net charges to provisions and impairment losses		(125)	(109)
Change in inventories		17	(9)
Other income from operations(2)	12	677	650
Other expenses from operations	12	(144)	(136)
Current operating profit	12/16	**417**	**406**
Other operating income	12		
Other operating expenses	12	(11)	
Operating profit		**406**	**406**
Financial income		22	20
Financial expenses		(48)	(44)
Cost of net debt	13	**(26)**	**(24)**
Other financial income	13	8	12
Other financial expenses	13	(10)	(6)
Income tax expenses	14	(127)	(137)
Income from associates		64	59
Net profit		**315**	**310**
Net profit attributable to minority interests		3	8
NET PROFIT ATTRIBUTABLE TO THE GROUP		**312**	**302**
Earnings per share (in euros)	15	9.55	9.23
Diluted earnings per share (in euros)	15	9.55	9.23
(1) Of which recorded outside of France (including export sales)		5,617	5,673
(2) Of which reversals of unutilized provisions / impairment losses and other		136	140

STATEMENT OF RECOGNIZED INCOME AND EXPENSES

in millions of euros	2013	2012
Net profit for the period	**315**	**310**
Non-recyclable items in net profit		
Actuarial gains (losses) regarding employee benefits(1)	(9)	(48)
Tax on non-recyclable items in net income	2	14
Recyclable items in net profit		
Exchange differences on controlled companies	(76)	(5)
Fair value restatements for financial instruments	4	4
Tax on recyclable items in net profit	(1)	(1)
Share in associates	(3)	(1)
Net income recognized directly in equity	**(83)**	**(37)**
TOTAL RECOGNIZED INCOME AND EXPENSES	**232**	**273**
Attributable to the Group	230	261
Attributable to minority interests	2	12

(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, 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		(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**
Share capital increase							
Prior-year profit allocation		302		(302)			
Dividends paid		(237)			(237)	(3)	(240)
Other transactions with shareholders							
Net profit for the period				312	312	3	315
Income (expenses) recognized directly in equity(1)		(4)	(78)		(82)	(1)	(83)
Net profit and income (expenses) recognized directly in equity		(4)	(78)	312	230	2	232
Change in scope of consolidation		(1)			(1)	(1)	(2)
AT DECEMBER 31, 2013	**384**	**1,823**	**(23)**	**312**	**2,496**	**38**	**2,534**

(1) Detail of recognized income and expenses:

	Group	Minority interests	Total
Exchange differences	(78)	(1)	(79)
Fair value restatement on financial instruments	4		4
Actuarial gains (losses) regarding employee benefits	(9)		(9)
Deferred taxes based on these items	1		1
Total income (expenses) recognized directly in equity	**(82)**	**(1)**	**(83)**

(2) First-time implementation of revised IAS 19.

CONSOLIDATED CASH FLOW STATEMENT

in millions of euros	2013	2012
Net profit (including minority interests)	315	310
Adjustments for:		
– Income from associates	(64)	(59)
– Dividends received from associates	55	53
– Dividends received from unconsolidated companies	(3)	(4)
– Depreciation, amortization and non-current provisions	409	455
– Capital gains on disposal of assets	(30)	(32)
– Miscellaneous non-cash charges	(4)	
Sub-total	**678**	**723**
Cost of net debt	26	24
Income tax expenses	127	137
Cash from operations	**831**	**884**
Income tax paid	(130)	(181)
Changes in working capital related to operating activities	169	(153)
CASH FLOWS FROM OPERATING ACTIVITIES (a)	**870**	**550**
Purchase of tangible and intangible assets	(353)	(414)
Proceeds from sales of properties, plant and equipment	57	69
Net debt on tangible and intangible assets	14	(60)
Sub-total	**(282)**	**(405)**
Acquisitions and disposals of subsidiaries:		
– Acquisitions of subsidiaries	(100)	(62)
– Disposals of subsidiaries	3	3
– Net debt on acquisitions of subsidiaries	2	(27)
– Cash acquired	(2)	11
Sub-total	**(97)**	**(75)**
Other investing activities:		
– Dividends received from unconsolidated companies	3	4
– Changes of other financial assets	(14)	1
Sub-total	**(11)**	**5**
CASH FLOWS FROM INVESTING ACTIVITIES (b)	**(390)**	**(475)**
Change in equity (Group share)		
Change in minority interests		
Purchases of shares from minority interests	(4)	
Dividends paid to parent company shareholders	(237)	(237)
Dividends paid to minority interests	(3)	(4)
Net variation from borrowings	(21)	8
Cost of net debt	(26)	(24)
Other financing activities		
CASH FLOWS FROM FINANCING ACTIVITIES (c)	**(291)**	**(257)**
Exchange differences and other non-cash variations (d)	1	
NET CHANGE IN CASH AND CASH EQUIVALENTS (a + b + c + d)	**190**	**(182)**
Net cash at the beginning of the year	150	332
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (see note 9)	**340**	**150**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance:

The consolidated financial statements of Colas and its subsidiaries ("the Group") at December 31, 2013 have been prepared according to the international standards established by the IASB (International Accounting Standards Board) including IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), as well as the interpretations rendered by the former International Financial Reporting Interpretations Committee (IFRIC) now called the IFRS Interpretations Committee, or issued by its predecessor the Standing Interpretations Committee (SIC), approved by the European Union and applicable as of that date. The Group has not opted for the early application of any standards or interpretations at December 31, 2013.

These financial statements include the following, reported in millions of euros except where indicated otherwise: the balance sheet, the income statement and statement of recognized income and expenses, the statement of changes in equity, the cash flow statement and notes to the consolidated financial statements.

The above are presented with a side-by-side comparison of consolidated figures at December 31, 2012.

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In millions of euros (€M) unless otherwise stated

General information

The financial statements for year ended December 31, 2013 were approved by the Board of Directors and authorized for issue on February 24, 2014.

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 81% 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, etc., as well as civil engineering (large and small-scale projects), and building (new construction, rehabilitation and demolition/deconstruction) in certain regions as a complement to road construction;

• upstream from construction works, 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 19% of its total business:

• Road safety, traffic management, manufacture, installation and maintenance of security equipment;

• Pipelines;

• 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).

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

SIGNIFICANT FACTS OF THE YEAR

• Revenue amounted to 13.0 billion euros in 2013, stable against 2012, and up a very slight 0.5% at constant scope and exchange rates, given the impact of a negative currency effect of 194 million euros, against a sluggish economic backdrop throughout the majority of the Group's business network.

• Current operating profit totaled 417 million euros, against 406 million in 2012 (current operating profit margin of 3.2% against 3.1% in 2012). This trend reflects:
– solid results for the roads business in France and in the international units, excluding North America, as well as for the Specialized Activities business, with most notably a boost in Railways and a return to profitability for Pipelines;
– a drop in profitability for the roads business in North America, with a difficult year in the United States (forecast recovery did not occur in the roads sector and difficulties were encountered on certain civil engineering projects), a drop in volumes in some Canadian provinces (compared to record high levels in 2012), as well as particularly unfavorable weather, notably in the west;
– a loss in the Sales of refined product sector that was higher than in 2012 as base oil prices collapsed with a sharp drop in global industrial demand, in a crisis environment for the refining market as a whole.

• Net profit attributable to the Group amounted to 312 million euros against 302 million euros in 2012.

• The new organization of the French road companies launched at the end of 2012 completed its first full year.

• The Group continued its targeted, dynamic external growth policy, notably in the road construction business with the acquisition of Furfari Paving Ltd in Canada (first foothold in Ontario) and Tropic Asphalts in Australia.

• Important commercial successes, including:
– a thirty-year PPP contract to build the L 2 bypass in Marseille;
– contracts to build sections on Highways M 85, M 4 and M 89 in Hungary and Highway R 2 in Slovakia;
– design-build contract for the LGV Tangiers-Kenitra high-speed rail line in Morocco.

• Work-on-hand amounted to 7.1 billion euros at the end of December 2013, up 6% from the end of December 2012.

SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION AFTER DECEMBER 31, 2013

Pursuant to the agreement signed on December 20, 2013, on January 31, 2014, Colas sold the 16.67% stake that it held in the share capital of the highway concession-holder Cofiroute to Vinci Autoroutes.

The transaction price was set at a minimum of 780 million euros and a maximum of 800 million euros, depending on the achievement of certain operational assumptions over the period 2014-2015.

Note 1 – Preparation principles of the financial statements

The Group's financial statements include the accounts of Colas SA and its subsidiaries, as well as holdings in related entities and joint ventures. They are presented in millions of euros, the currency of the majority of Group's transactions, and comply with the recommendations of the French accounting standards board, CNC (now ANC) no. 2009-R-03 of July 2, 2009 concerning the presentation of financial statements.

They were approved for publication by the Board of Directors on February 24, 2014 and will be submitted for the approval of the next Ordinary General Meeting of April 15, 2014.

The consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with IFRS standards and principles, based on historical cost, with the exception of certain financial assets and liabilities, measured at fair value where this is required by IFRS. They are presented in comparison with the financial statements for the year ended December 31, 2012.

As of December 31, 2013, the Group applied the standards, interpretations, accounting principles and methods that were applied in the financial statements of fiscal year 2012, with the exception of mandatory changes laid down by the IFRS standards mentioned below, applicable as from January 1, 2013. These changes have had no material impact on the financial statements.

MAIN IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION, FOR MANDATORY APPLICATION OR FOR EARLY ADOPTION AS OF JANUARY 1, 2013

• **Amendment to IAS 1:** Presentation of other comprehensive income (OCI) items.

Although it had not been adopted by Europe on December 31, 2011, the Group has adopted the amendment to IAS 1 in advance since January 1, 2011, insofar as it was not in contradiction with texts already adopted. It entered into force in the European Union on June 6, 2012 and has been mandatory since January 1, 2013.

• **Amendment to IAS 19:** Employee benefits (standard published in the *Official Journal* of the European Union on June 6, 2012 and mandatorily applicable as from January 1, 2013 with early adoption authorized as from January 1, 2012). This standard was applied early in the fiscal year 2012 consolidated financial statements. Given that the Group already recognized in equity the actuarial gains on defined employee benefit plans, the implementation of this change in accounting method would have had a non-significant impact on the net financial position and net profit or loss for fiscal year 2011. The negative impact on equity of 14 million euros (net of deferred tax assets) corresponded mainly to the effect of a change in pension regime in 2005, net of the amount already amortized through profit or loss under IAS 19 as previously applied.

• **Amendments to IAS 12:** Income tax – deferred tax: recovery of underlying assets.

• **Amendments to IFRS 1:** First-time adoption of International Financial Reporting Standards – severe hyperinflation and removal of fixed dates for first-time adopters.

• **IFRS 13: Fair value measurement:** these standards were adopted on December 29, 2012 by the European Union and are mandatory as from January 1, 2013. They have no impact on the Group's financial statements.

MAIN IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION, FOR MANDATORY APPLICATION OR FOR EARLY ADOPTION AS OF JANUARY 1, 2014

• **IFRS 10** supersedes the provisions relating to the consolidated financial statements found in IAS 27 "Consolidated and separate financial statements" as well as interpretation SIC 12 "Consolidation – special-purpose entities" and redefines the concept of control over an entity.

• **IFRS 11** supersedes IAS 31 "Interests in joint ventures" and Interpretation SIC 13 "Jointly controlled entities – non-monetary contributions by venturers". This new standard defines the accounting treatment for joint arrangements.

In accordance with this new standard, joint arrangements, through which at least two parties exercise joint control, are accounted for on the basis of the rights and obligations of each of the parties to the joint arrangement, in particular taking into account the structure, legal form of agreements, the rights granted by the agreement to each of the parties as well as any particular facts and circumstances:
– joint ventures that confer rights to net assets must be accounted for by the equity method, since the proportional consolidation method is no longer allowed;
– assets and liabilities (income and expenses) of joint arrangements that confer on each party direct rights to assets and obligations for liabilities, must be accounted for based on the interests in the joint arrangement.

• **IFRS 12** completes the disclosures required about interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Based on the work performed to date, the main impacts identified are mainly the result of the implementation of IFRS 10 and IFRS 11 relating to the consolidated financial statements and partnerships and more particularly to the equity method accounting of joint ventures owned by the Group, which had until now been consolidated based on the proportionate consolidation method.

The impact of the retroactive application of these standards as from January 1, 2013 is presented in note 24.

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

The application of IFRIC interpretation 21 will be mandatory as from January 1, 2014 and covers taxes and duties that do not fall under IAS 12.

This interpretation will be applied by the Group as from January 1, 2014 subject to its adoption by the European Union scheduled for the first quarter of 2014.

The impact of the retroactive application of this standard as from January 1, 2013 is presented in note 24.

ACCOUNTING CHOICES/ESTIMATES IN THE MEASUREMENT OF CERTAIN ASSETS, LIABILITIES, INCOME AND EXPENSES

For the purposes of preparing consolidated financial statements in accordance with the standards and interpretations, estimates and assumptions are sometimes made; these may have related to amounts presented under assets and liabilities, contingent liabilities on the date the financial statements were approved for publication, and the amounts presented under income and expenses for the fiscal year.

These estimates and assessments are measured continuously based on past experience, and on various other factors deemed to be reasonable which constitute the basis of the assessments of the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates based on different assumptions or conditions.

These primarily concern: the assessment of goodwill impairment tests, employee benefits (post-employment benefits), the fair value of unlisted financial instruments, deferred tax assets and provisions.

Lastly, in the absence of standards or interpretations applicable to a specific transaction, another event or condition, the Group has made use of judgments to define and apply the accounting policies that will provide relevant information, giving a true, fair and comparable view from one period to another, in order to ensure that the financial statements:

• give a true and fair view of the Group's financial position, financial performance and cash flow;

• fairly reflect the economic reality of transactions;

• are neutral, prudent and exhaustive in all material aspects.

In this case, detailed information is presented in the notes to the consolidated financial statements.

Note 2 – Significant accounting principles and policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 negative goodwill) 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.

SUBSIDIARIES AND CONTROLLED ENTITIES

Companies controlled by Colas are fully consolidated.

Acquisitions and disposals involving these companies, but not entailing any gain or loss of control, are construed as transactions between shareholders and their impact on the Group's financial statements is recognized directly in equity, with no impact on profit or loss.

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.

Significant influence is presumed to exist whenever the Group holds, either directly or indirectly, 20% or more of the voting power of the entity.

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

BUSINESS COMBINATIONS

As from January 1, 2010, business combinations are recognized in accordance with the revised versions of IFRS 3 and IAS 27, dealing with the concept of the acquisition or disposal of a controlling interest as applied to the acquisition or disposal of equity interests; these are either recorded directly in equity or recognized in the consolidated income statement, depending on the characteristics of the transaction.

To account for a business combination, the fair value of the consideration transferred is allocated to the identifiable assets acquired and liabilities assumed. These assets and liabilities are measured at fair value as of the acquisition date and reported in the balance sheet using the full fair value method, which involves their recognition at 100% of their fair value (and not at the proportionate share in the acquired interest).

For each business combination, IFRS 3 (revised) offers the following two options for the recognition of non-controlling interests:

- at fair value (i.e. with goodwill including the share of the non-controlling interest, known as the "full goodwill" method);
- at the share of the non-controlling interest in the fair value of the identifiable assets acquired and liabilities assumed from the acquired company (i.e. not including goodwill allocated to the non-controlling interest, known as the "partial goodwill" method).

Fair value is the amount that can be obtained from the sale of an asset or a Cash Generating Unit (CGU) in an arm's length transaction between knowledgeable, willing parties.

In this context, goodwill represents the excess of the cost of the business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that may be measured reliably as of the acquisition date, with non-controlling interests in an acquiree recognized, depending on the option selected, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets (as mentioned above). Goodwill is allocated to the Cash Generating Unit expected to benefit from the synergies of the business combination or to the group of Cash Generating Units at the level of which the return on investment of the acquisitions is monitored.

Negative goodwill is recognized in the income statement in the year of acquisition.

Subsequent to initial recognition, goodwill is tested annually for impairment, using the method described below under "Revaluation of fixed assets", in accordance with IAS 36. If a decline in value is noted, the impairment loss is recorded in the income statement under operating income.

Under IFRS 3 (revised), at the date when control is obtained, the proportionate share previously held is remeasured to fair value, with the adjustment recorded in the income statement; in the event of a loss of control, in addition to the recognition of the gain or loss on disposal, the proportionate share retained is also remeasured to fair value, with the adjustment recorded in the income statement.

In the event of a change in equity interest with no impact on control, the difference between the consideration transferred and the carrying amount of non-controlling interests is recognized immediately in equity attributable to the Group. As a result, no additional goodwill is recorded.

Direct costs incurred in connection with business combinations are recognized in the income statement.

Goodwill arising on business combinations prior to January 1, 2004 continues to be recognized using the partial fair value method, which involves restricting the remeasurement of identifiable items to the proportionate share of the equity interest acquired. Non-controlling interests in these identifiable items are measured on the basis of the carrying amount of the items, as shown in the balance sheet of the acquired entity.

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 expenses 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

Unimproved land or land under buildings: these are not depreciated, but are tested for impairment.

Land with aggregate quarries: land in this category is depreciated in accordance with the depletion of the aggregates, up to a maximum of forty years.

The cumulative amount of this depreciation cannot be lower than that calculated using the straight-line method.

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 year 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.

- Roads Mainland France 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.

HELD-FOR-SALE ASSETS

A fixed asset or group of directly related assets and liabilities is considered as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or group of assets and liabilities must be available for immediate sale and its sale must be highly probable. These assets or disposal groups are measured at the lower of their carrying amount and estimated selling price less costs to sell.

To be classified as a discontinued operation, the business line or geographical area of operations in question must be material for the Group, having had the status of a Cash Generating Unit, and must either have been disposed of or meet the criteria to be considered as held-for-sale. Income statement and cash flow statement items relating to these discontinued operations are presented separately in the consolidated financial statements for all periods presented.

EQUITY

The bought back shares are deducted from the equity attributable to the Group.

If Group companies hold their own shares, a complementary interest percentage is determined at the Group level.

TRANSLATION RESERVE

The translation reserve reflects the foreign exchange gains and losses recorded since January 1, 2004, the date on which the existing translation reserve in equity was reset against retained earnings.

NON-CURRRENT DEBT

With the exception of derivative financial liabilities, which are measured at fair value, borrowings and other financial liabilities are measured at amortized cost, calculated using the effective interest method.

The portion of non-currrent debt with a maturity of less than one year is shown under current liabilities.

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 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

Exposure to foreign exchange risk

Overall, the Group has a low exposure to foreign exchange risk in its ongoing commercial transactions, insofar as the proportion attributable to exports in its international business is very low.

For most of the work carried out outside France, the billing and expenses incurred are denominated in the country where the work is carried out.

Borrowings or deposits are centralized in the currency of the country.

Occasionally, some currency contracts are hedged for exchange risks.

Generally, Group investments in foreign companies 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.

In addition, the Group remains especially attentive to the risks associated with its assets in non-convertible currencies and, more generally, to so-called country risks.

Sales of the refined products manufactured by Société de la Raffinerie de Dunkerque (SRD) are more exposed to currency risk since this company buys and sells products valued in dollars that are subsequently purchased and sold in dollars and/or euros.

This risk is managed using forward sales and euro/dollar currency swaps.

Exposure to interest rate risk

The Group's borrowing costs are not very sensitive to interest rate fluctuations because, on average over the fiscal year, its floating-rate debt is equivalent to its surplus cash invested in floating-rate positions.

Besides the floating-rate debt on its balance sheet, the Group sometimes borrows in the short-term to cover seasonal needs.

Certain financial assets and liabilities may occasionally be hedged.

Exposure to commodity price risk

Colas does experience sensitivity to fluctuations in the prices of commodities, primarily crude oil, whose market value has an impact on the Group's road construction business, as well as certain metals used in road safety and signaling, waterproofing and rail.

Hedges may occasionally be entered into on specific transactions.

Sales of petroleum products refined by SRD are also sensitive to commodity price fluctuations because income from that business depends largely on the difference between the sale price of refinery products and the purchase price of the raw materials used to make them.

A hedging policy has been put in place to reduce the risk linked to SRD's supply/production/sale cycle.

HEDGING RULES USED BY THE GROUP

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.

RECOGNITION METHODS

Generally speaking, the Group applies hedge accounting to the financial instruments that it uses. This entails formal documentation of the hedging relationship under IAS 39. The Group then applies one of two recognition methods:

• fair value hedge: the changes in fair value of the hedging instrument and hedged item are recognized symmetrically in the income statement;

• cash flow hedge: the ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement, while the effective portion is recognized directly in equity (until the position is unwound).

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 current operating profit.

OTHER NON-CURRENT INCOME AND EXPENSES

These concern a very small number of unusual, abnormal and uncommon income or expenses – 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 expenses 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 presented according to IAS 7 and CNC recommendation 2009-R-03 (using the indirect method).

The net profit from consolidated companies is corrected for the effects of non-cash transactions and items of income or expenses related to investment or financing flows.

Cash from operations is defined as the net profit from consolidated companies before net depreciation and amortization expenses, net charges to provisions, capital gains or losses on disposal of assets, cost of net financial debt and income tax expenses for the fiscal year.

Net Group cash, changes to which are broken down in the cash flow statement, is defined as the net balance of:

- cash and cash equivalents;
- outstanding bank overdrafts and short-term loans.

OTHER FINANCIAL INDICATORS

NET FINANCIAL DEBT

Net financial debt results from:

- cash and cash equivalents;
- positive bank positions;
- current and non-current debt;
- financial instruments (fair value hedges).

STATEMENT OF RECOGNIZED INCOME AND EXPENSES

The Group posts its statement of recognized income and expenses directly in shareholders' equity. It presents comparative net income including income and expenses.

OTHER INFORMATION

NATURE AND SCOPE OF RISKS AND UNCERTAINTIES RELATING TO ITS OPERATING ACTIVITIES

Among the main risks and uncertainties that may significantly impact the Group's operating activities, one can cite:

- weather conditions (rain, snow), which can have a direct impact on construction sites. This is true around the world, and even more so in regions with traditionally difficult weather conditions;
- raw material prices, mainly relating to oil prices (bitumen, fuel, heating oil) in the road industry, as well as other raw materials, notably steel and aluminum used in the safety and signing industry and in waterproofing. This risk is minimized by the large number of contracts that benefit from revision clauses, and the proportion of short-term projects;
- the level of contracting with the local and national governments, and with private industrial and commercial customers;
- foreign currency translation effects, in particular with the US dollar, even if 60% of revenue is recorded in euros, which limits the risks. Business is also done locally, meaning that income and expenses are recorded in the same currency.

COMPARABILITY OF FINANCIAL STATEMENTS

Changes in scope during the fiscal year did not have a significant impact on the 2013 consolidated financial statements, thus allowing for comparison with previous years.

Note 3 – Non-current assets

3.1 – SYNTHESIS OF INVESTMENTS OF THE YEAR (OPERATIONAL AND FINANCIAL)

	2013	2012
Property, plant and equipment	346	395
Intangible assets and goodwill	7	19
Operating activities investments	**353**	**414**
Acquisitions of subsidiaries	100	62
Consolidated investments	**453**	**476**
Proceeds from sales of properties, plant and equipment	(57)	(69)
Disposals of subsidiaries	(3)	(3)
NET INVESTMENTS	393	404

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, 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**
Exchange differences	(29)	(129)	(2)	(160)
Transfers and other	17	57	(83)	(9)
Changes in scope of consolidation	13	30	(2)	41
Additions	44	219	83	346
Disposals	(18)	(225)		(243)
AT DECEMBER 31, 2013	1,516	5,150	85	6,751
Depreciation and impairment				
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)**
Exchange differences	8	81		89
Transfers and other	5	2		7
Changes in scope of consolidation		(10)		(10)
Net charge for the year	(53)	(349)		(402)
Disposals	10	207		217
AT DECEMBER 31, 2013	(611)	(3,808)		(4,419)
Carrying amount				
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, 2013	905	1,342	85	2,332
Including quarry land	304			304
Including financial leases	4	43		47

At December 31, 2013 equipment has been ordered for an amount of 35 million euros (13 million euros at the end of 2012).

3.3 – INTANGIBLE ASSETS AND GOODWILL

	Concessions, patents, and other rights	Other	Total intangible assets	Goodwill
Cost or valuation				
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**
Exchange differences	(3)	(3)	(6)	(10)
Transfers	14	(3)	11	1
Changes in scope of consolidation		5	5	86
Additions	4	2	6	1
Disposals	(1)		(1)	
AT DECEMBER 31, 2013	**161**	**66**	**227**	**616**
Depreciation and impairment				
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)**
Exchange differences	1	2	3	
Transfers	(3)		(3)	
Changes in scope of consolidation				1
Net charge for the year	(10)	(5)	(15)	(11)
Disposals	1		1	
AT DECEMBER 31, 2013	**(74)**	**(45)**	**(119)**	**(68)**
Carrying amount				
At December 31, 2011	56	34	90	450
At December 31, 2012	84	23	107	480
AT DECEMBER 31, 2013	**87**	**21**	**108**	**548**

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	140	2%	6.02%	4.02%
CGU Specialized Activities (excluding Railways)		52	2%	6.02%	4.02%
CGU Railways		187	2%	6.02%	4.02%
CGU Roads Europe (excluding France)	3	13	2%	6.02%	4.02%
CGU Roads North America		102	2%	6.02%	4.02%
CGU Roads Rest of the world		54	2%	6.02%	4.02%
TOTAL	**22**	**548**			

(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	Goodwill impairment	Carrying amount
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**
Exchange differences	(5)			(5)
Transfers	(358)			(358)
Changes in scope of consolidation	9	12		21
Issue of share capital				
Net consolidated profit	64			64
Dividends paid	(55)			(55)
Impairment				
AT DECEMBER 31, 2013	**98**	**26**	**(1)**	**123**

MAIN ASSOCIATED COMPANIES

Company	Head office	% held	Share in equity	Goodwill	Goodwill impairment	Net carrying amount
Tipco Asphalt(1)	Thailand	32.1%	36	5		41
Mak Mecsek(2)	Hungary	30.0%	29			29
Other(3)			33	21	(1)	53
TOTAL			**98**	**26**	**(1)**	**123**

ASSOCIATED ENTITIES UNDERGOING DIVESTMENT

Company	Head office	% held	Share in equity	Goodwill	Goodwill impairment	Net carrying amount
Cofiroute(4)	France	16.7%	358			358

(1) Tipco Asphalt, based in Bangkok (Thailand) operates in the distribution and sale of bitumen business in southeast Asia.
(2) 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.
(3) Individually, none of these entities has a significant character.
(4) Cofiroute operates a 1,200-km 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: H. Le Bouc). Under the agreement signed on December 20, 2013, Colas sold its 16.67% stake in Cofiroute to Vinci Autoroutes on January 31, 2014.
In compliance with IFRS 5, the carrying amount of the stake was reclassified to "Held-for-sale assets".

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, 2013

Amounts at 100%	Cofiroute	Tipco Asphalt	Mak Mecsek
Non-current assets	5,648	134	887
Current assets	710	315	24
Total assets	**6,358**	**449**	**911**
Equity	2,149	110	96
Non-current liabilities	3,583	51	809
Current liabilities	626	288	6
Total liabilities	**6,358**	**449**	**911**
Revenue	1,241	831	83
Current operating profit	626	28	51
Net profit	302	19	10
Net profit attributable to the Group	**50**	**6**	**3**

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**

3.5. – OTHER NON-CURRENT FINANCIAL ASSETS

	Non-consolidated investments	Other financial assets	Total gross value	Allowance	Carrying amount
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**
Exchange differences		(2)	(2)		(2)
Transfers					
Changes in scope of consolidation	(90)	1	(89)	(21)	(110)
Acquisitions and other additions	100	33	133		133
Disposals	(6)	(18)	(24)		(24)
Net charge for the year				(3)	(3)
AT DECEMBER 31, 2013	**79**	**175**	**254**	**(56)**	**198**

BREAKDOWN OF MAIN NON-CONSOLIDATED INVESTMENTS

	31/12/2013			31/12/2012
	Gross	Allowance	Net	Net
Asphalt concrete, binder and quarry companies	20	(3)	17	15
Non-controlled companies	20	(3)	17	16
Inactive companies and companies undergoing liquidation	30	(30)		
Companies acquired at the end of the year(1)				18
Other investments(2)	9	(3)	6	7
TOTAL	**79**	**(39)**	**40**	**56**

(1) These companies were consolidated as of January 1 of the following fiscal year.
(2) None of these investments are significant.

BREAKDOWN OF OTHER FINANCIAL ASSETS

	31/12/2013			31/12/2012
	Gross	Allowance	Net	Net
Loans(1)	74	(16)	58	48
Deposits	30	(1)	29	26
City of Portsmouth (Great Britain)(2)	71		71	74
Other financial receivables				
TOTAL	**175**	**(17)**	**158**	**148**

(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
At December 31, 2012		56	148	204
2013 variations		(16)	10	(6)
AT DECEMBER 31, 2013		**40**	**158**	**198**

3.6. – DEFERRED TAXES AND NON-CURRENT TAX ASSETS

	Deferred taxes	Other long-term tax assets	Total
At December 31, 2011	**155**		**155**
Exchange differences			
Transfers			
Acquisitions of subsidiaries			
Net variations	2		2
At December 31, 2012	**157**		**157**
Exchange differences	(2)		(2)
Transfers	(2)		(2)
Acquisitions of subsidiaries	(1)		(1)
Net variations	4		4
AT DECEMBER 31, 2013	**156**		**156**

Unrecognized tax assets (which are probably not reversible in the foreseeable future) amounted to 74 million euros on December 31, 2013 (67 million euros on December 31, 2012).

Deferred tax assets are mainly reversible after five years.

MAIN DEFERRED TAX BASES

	31/12/2013	31/12/2012
Assets		
Employee benefits	85	82
Tax losses	30	27
Financial instruments	7	10
Liabilities		
Regulatory provisions	(21)	(19)
Fixed assets (finance leases, goodwill allocated to assets)	(32)	(30)
Taxes on dividends	(6)	(6)
Financial instruments	(4)	(6)
Other temporary differences	5	1
NET DEFERRED TAX ASSETS (LIABILITIES)	**64**	**59**

Note 4 – Current assets

4.1. – INVENTORIES, TRADE AND OTHER RECEIVABLES

	31/12/2013			31/12/2012		
	Gross	Allowance	Net	Gross	Allowance	Net
INVENTORIES	647	(28)	619	632	(24)	608
Raw materials, supplies and finished goods						
TRADE RECEIVABLES	2,941	(139)	2,802	2,991	(134)	2,857
Invoiced and to invoice, warranty retention[1]						
TAX RECEIVABLES	49		49	29		29
Staff, social welfare bodies, State	240		240	245		245
Group receivables and other receivables	240	(19)	221	257	(20)	237
Prepayments	34		34	33		33
OTHER RECEIVABLES	514	(19)	495	535	(20)	515

(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)	1,956	683	122	180	2,941
Allowance	(6)	(10)	(9)	(114)	(139)
TRADE RECEIVABLES (NET)	1,950	673	113	66	2,802
Reminder 2012	1,974	699	86	98	2,857

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

	31/12/2013			31/12/2012		
	Gross	Allowance	Net	Gross	Allowance	Net
Cash-on-hand	478		478	378		378
Marketable securities	53		53	57		57
TOTAL	531		531	435		435

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	158	54	104	162	478
Marketable securities	51			2	53
TOTAL AT DECEMBER 31, 2013	209	54	104	164	531
December 31, 2012	131	33	78	193	435

(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:

	31/12/2013	31/12/2012
Cash and cash equivalents	531	435
Bank overdraft and short-term loans	(191)	(285)
TOTAL	**340**	**150**

Note 5 – Information on equity

COMPOSITION OF SHARE CAPITAL

Colas' share capital as of December 31, 2013 amounted to 48,981,748.50 euros.

It is comprised of 32,654,499 shares with a nominal value of 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).

CHANGE DURING THE YEAR

Amounts in euros	Number of shares	Share capital
At December 31, 2012	32,654,499	48,981,748.50
Variations 2013	–	–
AT DECEMBER 31, 2013	**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 subject to any restrictions under the by-laws.

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, 2013 relate to companies located in the following countries:

	31/12/2013	31/12/2012
United States	(21)	(6)
Canada	0	33
Great Britain	(10)	(8)
Slovakia	12	12
Czech Republic	4	8
Australia	(4)	8
Other countries	(4)	8
TOTAL TRANSLATION RESERVE	**(23)**	**55**

Note 6 – Provisions

6.1. – NON-CURRENT PROVISIONS

	Employee benefits	Litigation and legal matters	Customer warranties (long-term)	Site reclamation (long-term)	Other	Total
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**
Exchange differences	(2)	(3)	(2)	(2)		(9)
Transfers		2	(7)	2	(3)	(6)
Changes in scope of consolidation	1		(3)	(1)		(3)
Actuarial gains/losses in equity	9					9
Allocation for the year	25	69	17	8	3	122
Reversals of utilized provisions	(20)	(37)	(10)	(6)	(3)	(76)
Reversals of unutilized provisions	(1)	(27)	(17)	(1)	(13)	(59)
AT DECEMBER 31, 2013	**358**	**217**	**50**	**147**	**24**	**796**

BREAKDOWN OF MAIN PROVISIONS

	31/12/2013	31/12/2012
Length-of-service awards	92	88
Retirement indemnities	199	190
Pensions	67	68
Employee benefits	**358**	**346**
Litigation with clients	63	78
Litigation with employees	16	15
Litigation with welfare bodies	83	73
Litigation with tax authorities	31	22
Litigation with other bodies	12	14
Other litigation	12	11
Litigation and legal matters	**217**	**213**
Decennial warranties	38	44
Civil engineering warranties	10	25
Performance warranties	2	3
Warranties	**50**	**72**

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, 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**
Exchange differences		(1)	(1)		(2)	(4)
Transfers	1	6	1	(1)	(3)	4
Changes in scope of consolidation			3			3
Allocation for the year	46	42	24	1	22	135
Reversals of utilized provisions	(27)	(21)	(12)	(2)	(19)	(81)
Reversals of unutilized provisions	(18)	(20)	(16)	(3)	(4)	(61)
AT DECEMBER 31, 2013	**63**	**86**	**53**	**6**	**53**	**261**

Note 7 – Deferred tax liabilities and non-current tax liabilities

	31/12/2013	31/12/2012
Deferred tax liabilities	92	98
Other long-term tax liabilities		
TOTAL NON-CURRENT TAXES	**92**	**98**

Deferred tax liabilities are essentially attributable to temporary tax differences (allocations of goodwill, differences between accounting and tax-driven depreciation, etc.).

Note 8 – Current and non-current financial debts

CASH RISKS

At December 31, 2013, net cash totaled 340 million euros, in addition to 1,657 million euros of confirmed bank credit lines for over one year, undrawn to date (versus 1,481 million euros at December 31, 2012). During the year Colas rearranged its receivables assignment programs, raising their amount by 250 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 2014	Maturity over one year						
		From 1 to 2 years 2015	From 2 to 3 years 2016	From 3 to 4 years 2017	From 4 to 5 years 2018	5 years and above 2019 and above	Total 2013	Total 2012
Bank loans (medium/long-term)		43	25	51	16	72	207	234
Finance leases		7	5	4	3	2	21	20
Other financial debts (long-term)						3	3	4
Sub-total	**61**	**50**	**30**	**55**	**19**	**77**	**231**	**258**
Short-term borrowings and overdrafts	191							
AT DECEMBER 31, 2013	**252**	**50**	**30**	**55**	**19**	**77**	**231**	
At December 31, 2012	335	64	33	25	49	87		258
Portion of long-term debt at less than one year							61	50

BREAKDOWN OF FINANCIAL DEBT BY TYPE OF CURRENCY

	Euro	USD(1)	GBP(1)	Other(1)	Total
Long-term December 2013	100	27	70	34	231
Short-term December 2013	82	25	6	139	252
Long-term December 2012	112	24	75	47	258
Short-term December 2012	185	22	8	120	335

(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	101	1,811	77	1,989	61	154	77	292

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: 68% (2012: 69%);
- floating rate debt: 32% (2012: 31%).

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	
2014	2015	2016	2017	2018	2019 and +	
61	12	5	5	6	3	92

(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 debt amounts to 79% (versus 78% in 2012).

INTEREST RATES RISKS

At December 31, 2013, a breakdown of financial assets and liabilities by nature of interest rate shows the following:

	Floating rates	Fixed rates	Total
Cash and cash equivalents	531		531
Borrowings[1]	(232)	(69)	(301)
Bank overdrafts	(191)		(191)
Net position before cash management	**108**	**(69)**	**39**
Interest rate hedging	301	(301)	
Net position after cash management	**409**	**(370)**	**39**
Seasonality adjustment[2]	(878)		(878)
POSITION AFTER CASH MANAGEMENT AND SEASONALITY ADJUSTMENT	**(469)**	**(370)**	**(839)**

(1) Including (9) 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

	31/12/2013	31/12/2012
Cash and cash equivalents	531	435
Bank overdrafts and short-term loans	(191)	(285)
Net cash	**340**	**150**
Non-current debt	231	258
Current debt	61	50
Financial instruments	9	12
Gross debt	**301**	**320**
NET FINANCIAL POSITION	**39**	**(170)**

MAIN TRANSACTIONS

	2013	2012
Net debt at the beginning of the year	**(170)**	**28**
Cash flows from operating activities	870	550
Cash flows from investing activities	(390)	(475)
Cash flows from financing activities	(30)	(24)
Dividends paid	(240)	(241)
Other (exchange differences, change in scope of consolidation, and other)	(1)	(8)
NET CASH (NET DEBT) AT THE END OF THE YEAR	39	(170)

Note 10 – Other current liabilities

	31/12/2013	31/12/2012
Staff, social welfare, State	939	916
Deferred income	56	36
Other non-financial debt	651	676
TOTAL OTHER DEBTS	1,646	1,628

Note 11 – Income from ordinary activities

BREAKDOWN BY NATURE OF INCOME

	2013	2012
Sales of products	2,670	2,577
Rendering of services	385	374
Construction contracts	9,994	10,085
Other income from ordinary activities	–	–
TOTAL INCOME FROM ORDINARY ACTIVITIES	13,049	13,036

INFORMATION REGARDING CONSTRUCTION CONTRACTS

	2013	2012
Works to be invoiced	424	395
Retentions for warranties	101	97
Works invoiced in advance	(297)	(322)
Payments received in advance	(258)	(110)

Note 12 – Operating income and expenses

DETAIL OF OPERATING INCOME AND EXPENSES

	2013	2012
Profits allocated or losses transferred regarding unconsolidated joint ventures	41	39
Proceeds on disposal of non-current assets	59	71
Reversal of unused provisions and depreciations	132	140
Other current income[1]	445	400
INCOME FROM OPERATIONS	677	650
Losses allocated or profits transferred regarding unconsolidated joint ventures	(27)	(21)
Net book value of non-current assets disposed	(28)	(40)
Other current expenses	(89)	(75)
EXPENSES FROM OPERATIONS	(144)	(136)

(1) Mainly expenses invoiced back to associates in joint ventures.

BREAKDOWN OF OTHER NON-CURRENT INCOME AND EXPENSES

	2013	2012
Other non-current income	–	–
OTHER NON-CURRENT INCOME	–	–
Other non-current expenses[1]	(11)	–
OTHER NON-CURRENT EXPENSES	(11)	–

(1) Expenses related to the restructuring of Roads Mainland France subsidiaries in 2013.

INCOME STATEMENT BY FUNCTION

In addition to the income statement presented by nature, the income statement by function is disclosed hereunder:

	2013	2012
Revenue	13,049	13,036
Cost of sales	(11,438)	(11,444)
Gross profit	**1,611**	**1,592**
Research and development costs	(28)	(28)
Administrative expenses	(1,166)	(1,158)
Current operating profit	**417**	**406**
Other operating items	(11)	–
OPERATING PROFIT	406	406

Note 13 – Cost of net debt, other financial income and expenses

COST OF NET DEBT

	2013	2012
Interest income from cash	21	19
Income from short-term deposits	1	1
Interest income	**22**	**20**
Interest expenses on cash	(24)	(20)
Interest on finance leases	(1)	(1)
Interest on financial debt	(23)	(23)
Interest expenses	**(48)**	**(44)**
COST OF NET DEBT	(26)	(24)

OTHER FINANCIAL INCOME AND EXPENSES

	2013	2012
Dividends received from unconsolidated investments	3	4
Release of financial provisions	3	7
Proceeds on disposal of financial assets	1	1
Other income	1	
Other financial income	**8**	**12**
Net charge on financial provisions	(6)	(3)
Net book value of financial assets disposed	(2)	(2)
Other expenses	(2)	(1)
Other financial expenses	**(10)**	**(6)**
OTHER FINANCIAL INCOME AND EXPENSES	(2)	6

Note 14 – Income tax

BREAKDOWN

	2013	2012
Current income tax	(123)	(118)
Deferred income tax	7	(4)
Tax adjustments or exemptions	(3)	(8)
Withholding taxes on dividends	(1)	(3)
Tax expenses	**(120)**	**(133)**
Tax provisions allocations/reversals	(7)	(4)
INCOME TAX EXPENSES	(127)	(137)

RECONCILIATION BETWEEN THEORETICAL TAX AND ACTUAL TAX EXPENSES

Differences between theoretical tax expenses, determined at the French statutory tax rate, and effective income tax are as follows:

	2013	2012
Theoretical income tax	(144)	(134)
Impact of different tax rates of subsidiaries operating in other jurisdictions	30	19
Recognition of deferred tax assets not previously recognized	1	
Unrecognized deferred tax assets(1)	(10)	(6)
Income taxes which are not linked to income	(11)	(15)
Effect of tax credits (CICE and CIR)	16	
Effect of permanent differences	(9)	(1)
INCOME TAX REPORTED IN INCOME STATEMENT	**(127)**	**(137)**

(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.

	2013	2012
Net profit (attributable to the Group) in euros	311,751,000	301,538,000
Number of issued shares	32,654,499	32,654,499
BASIC EARNINGS PER SHARE (in euros)	**9.55**	**9.23**

Diluted earnings per share is determined by dividing net profit attributable to the Group by the total number of shares outstanding at December 2013, 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)	**9.55**	**9.23**

In euros	Per share	Total
Dividends decided and paid in 2013	7.26	237,071,662.74
Dividends submitted to approval of the Annual Shareholders' Meeting on April 15, 2014 (not recognized as liabilities at December 31, 2013)	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 the 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, the Sales of refined oil products other than bitumen (base oils, paraffin and fuels);
- **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 2013							
Works	4,620	1,843	1,196	960	1,752	9	10,380
Sales of products	563	579	252	554	714	7	2,669
Income from ordinary activities	**5,183**	**2,422**	**1,448**	**1,514**	**2,466**	**16**	**13,049**
Income before depreciation	376	159	76	116	84	23	834
Depreciation	(151)	(102)	(44)	(52)	(57)	(11)	(417)
Current operating profit	**225**	**57**	**32**	**64**	**27**	**12**	**417**
Other operating income and expenses	(10)					(1)	(11)
Operating profit	**215**	**57**	**32**	**64**	**27**	**11**	**406**
Cost of net debt	(1)	(6)		(5)	(12)	(2)	(26)
Other financial income and expenses	(1)		1	(1)	(1)		(2)
Income tax expenses	(73)	(11)	(8)	(28)	(5)	(2)	(127)
Income from associates	2		3	8		51	64
NET PROFIT	**142**	**40**	**28**	**38**	**9**	**58**	**315**
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**

ASSETS, LIABILITIES BY BUSINESS SEGMENT

	Roads Mainland France	Roads North America	Roads Europe	Roads Rest of the World	Specialized Activities	Holding company	Consolidated
At December 31, 2013							
Segment assets	2,552	1,236	1,032	1,147	1,515	850	8,332
Segment liabilities	2,036	614	761	727	1,122	538	5,798
Current investments(1)	(114)	(50)	(16)	(47)	(42)	(13)	(282)
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)

(1) Net investments in tangible and intangible assets.

INFORMATION REGARDING MAIN CLIENTS

	Roads France	Roads International	Specialized Activities	Total
States, public companies and local authorities	61%	65%	44%	59%
Private companies and individuals	39%	35%	56%	41%

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 segment 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 2013					
Roads	**5,648**	**1,454**	**2,422**	**1,043**	**10,567**
Safety and Signaling	312	20	1	4	337
Pipelines	203				203
Railways	430	257		80	767
Waterproofing	613	20	6	33	672
Sales of refined products	219	268			487
Specialized Activities	**1,777**	**565**	**7**	**117**	**2,466**
Holding company	**7**	**8**		**1**	**16**
TOTAL	7,432	2,027	2,429	1,161	13,049
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 company	**8**	**17**		**1**	**26**
TOTAL	7,363	1,945	2,591	1,137	13,036

ASSETS AND LIABILITIES BY GEOGRAPHICAL SEGMENT

	France	Europe (excl. France)	North America	Rest of the World	Consolidated
At December 31, 2013					
Non-current assets	1,923	509	695	338	3,465
Current assets	2,633	761	541	574	4,509
Held-for-sale assets	358				358
Total assets	**4,914**	**1,270**	**1,236**	**912**	**8,332**
Non-current liabilities	734	183	138	64	1,119
Current liabilities	2,927	738	476	538	4,679
Total liabilities	**3,661**	**921**	**614**	**602**	**5,798**
NET ASSETS	1,253	349	622	310	2,534
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

Note 17 – Financial instruments

We disclose, hereafter, the total of all notional amounts outstanding at December 31, 2013 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
	2014	2015 to 2018	Beyond	31/12/2013	31/12/2012
On financial assets					–
On financial liabilities	3	219	89	311	331

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, 2013 that swap amounted to 67 million euros (56 million GBP).

Colas has contracted cyclical fixed-rate payer swaps to hedge the seasonal profile of its debt. The amount of this swap is an average of 141 million euros.

HEDGING FOR EXCHANGE RISKS

	USD(1)	GBP(1)	HUF(1)	Other(1)	31/12/2013	31/12/2012
Forward purchases	90		75	3	168	70
Forward sales	77	3		9	89	87

(1) Equivalent in euros.

HEDGING FOR COMMODITIES RISKS

	Brent/WTI	Fuels	31/12/2013	31/12/2012
Forward purchases				3
Forward sales	6	13	19	8
Options				6

The Brent and fuel oil contract forward sales correspond to hedging for activity at SRD, Société de la Raffinerie de Dunkerque.

At December 31, 2013, the amount of these hedging represents an amount of 71,000 barrels of Brent and 31,000 tons of fuel oil sold forward for a notional (volume x price at closing) of 19 million euros. The fair value of this stock of hedging instruments at December 31, 2013 has a negligible impact on other income and expenses accounted for the Group (cash flow hedge and fair value hedge).

FAIR VALUE OF HEDGING FINANCIAL INSTRUMENTS

At December 31, 2013, the net present market value of hedging financial instruments amounted to (20) 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: (13) million euros;
- transactions regarding cash flow hedge: (7) 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. (13) 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. 13 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 (7) 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 (20) to (6) million euros (respectively (32) 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 (20) to (22) 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 (20) to (22) 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 31/12/2013	Total 31/12/2012
Commitments given					
Endorsements and warranties	36	30	13	79	64
Commitments received					
Contractual commitments	–	–	–	–	–
Assets given as securities					
Mortgages and securities	24	79	12	115	110

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 31/12/2013	Total 31/12/2012
Commitments given/received	26	72	71	169	218

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 2013, 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	9	20	2	31
Finance charge	(1)	(2)		(3)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**8**	**18**	**2**	**28**
Reminder at December 31, 2012	10	17	2	29

Note 19 – Workforce and employee benefits

EMPLOYEE BENEFITS: DEFINED CONTRIBUTION PLANS

	2013	2012
Amounts recognized as expense	**864**	**823**

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)	
	2013	2012	2013	2012
Current service costs		2	(3)	(5)
Interest costs	5	5	4	14
Expected return on plan assets			(6)	(12)
Past service costs				
NET EXPENSES	**5**	**7**	**(5)**	**(3)**
Present value of obligations	199	190	358	334
Fair value of plan assets			(291)	(266)
Unrecognized past service costs				
NET RECOGNIZED LIABILITIES	**199**	**190**	**67**	**68**

(1) These pension schemes are managed by independent funds.

VARIATIONS OF BALANCE SHEET ITEMS

	Retirement indemnities		Pensions	
	2013	2012	2013	2012
At January 1	**190**	**135**	**68**	**50**
Exchange differences			(2)	1
Transfers				
Acquisitions of subsidiaries	1			
Change in accounting principles(1)		22		(2)
Actuarial gains/losses in equity	3	26	6	22
Net expenses	5	7	(5)	(3)
AT DECEMBER 31	**199**	**190**	**67**	**68**

(1) Application of IAS 19 revised as of January 1, 2012.

MAIN ACTUARIAL ASSUMPTIONS FOR DETERMINATION OF RETIREMENT INDEMNITIES AND LENGTH-OF-SERVICE AWARDS

The effect of changes in assumptions determined at 2013 balance sheet date has been recognized directly through equity, according to Group accounting policies (IAS 19 revised).

	2013	2012
Discount rates IBoxx € Corporate A10(1)	3.24%	3.30%
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%	3.00%

(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 2013, 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 some non-significant associates.
Other related parties: Colas Foundation, and other non-consolidated companies.

DETAILS OF RELATED PARTY DISCLOSURES

	Expenses		Income		Receivables		Payables	
	2013	2012	2013	2012	2013	2012	2013	2012
Parties with ownership interest	56	54	126	83	56	31	95	211
Joint ventures	21	23	66	57	20	20	11	13
Associates	5	9	71	65	7	5	6	5
Other related parties	53	57	293	167	64	17	90	10
TOTAL	**135**	**143**	**556**	**372**	**147**	**73**	**202**	**239**
Maturity under 1 year					147	73	200	237
Maturity above 1 year					–	–	2	2

COMPENSATION OF SENIOR EXECUTIVES OF THE GROUP

Senior executives are members of the Executive Committee at December 31, 2013.

In 2013, as in 2012, this Committee comprises six members: the Chairman and Chief Executive Officer and five salaried members, including four salaried Directors.

	2013	2012
Direct compensation	5.8	6.5
Post-employment benefits	0.8	0.5
Directors' fees	0.1	0.1
Equity compensation benefits	–	–
TOTAL	6.7	7.1

POST-EMPLOYMENT BENEFITS

Chairman and 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 2013 attribution is not material.

DIRECTORS' FEES

Directors' fees allocated to Directors in 2013 amounted to 247,000 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	
	2013	2012	2013	2012
Legal Auditors of Colas				
– Colas	0.2	0.2	0.2	0.2
– Subsidiaries	1.9	1.9	3.4	2.5
– Secondary assignments				
Sub-total	**2.1**	**2.1**	**3.6**	**2.7**
Other assignments: law, tax, welfare	0.1	0.1	0.2	0.7
TOTAL	2.2	2.2	3.8	3.4

Note 22 – Main exchange rates used for translation

Convention: 1 euro = x local monetary units.

Country	Currency	Rate 31/12/2013	Average rate 2013	Rate 31/12/2012	Average rate 2012
Europe					
Croatia	Croatian kuna	7.6265	7.5786	7.5575	7.5261
Denmark	Danish kroner	7.4593	7.4579	7.4610	7.4452
Great Britain	British pound	0.8337	0.8493	0.8161	0.8119
Hungary	Forint	297.04	296.873	292.30	288.21
Poland	Zloty	4.1543	4.1975	4.0740	4.1677
Czech Republic	Czech Republic koruny	27.427	25.9797	25.151	25.140
Romania	New leu	4.471	4.419	4.4445	4.4574
Switzerland	Swiss franc	1.2276	1.2311	1.2072	1.2044
North America					
United States	US dollar	1.3791	1.3281	1.3194	1.2932
Canada	Canadian dollar	1.4671	1.3684	1.3137	1.2906
Other					
South Africa	Rand	14.5660	12.8330	11.1727	10.5800
Australia	Australian dollar	1.5423	1.3777	1.2712	1.2447
Morocco	Dirham	11.2479	11.1783	11.1465	11.1001
Thailand	Baht	45.178	40.8297	40.3470	40.0571

Note 23 – Scope of consolidation

CHANGES IN SCOPE OF CONSOLIDATION

Number of consolidated companies	2013	2012
Full consolidation	482	502
Proportional consolidation	94	97
Equity method	33	20
TOTAL	**609**	**619**

MAIN NEW INVESTMENTS OF THE YEAR

Gentil et Fils (Switzerland), Prakan (Czech Republic), Tropic Asphalts (Australia), Quarries in New Caledonia (acquired at the end of 2012), Furfari Paving (Canada).

MAIN DISPOSALS OF COMPANIES

Rawasi Colas (Oman).

CHANGE IN CONSOLIDATION METHOD

SES Nouvelle: shift from proportional method to full consolidation.

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
Tangible assets	36	1	37
Intangible assets	3	2	5
Goodwill	5	84	89
Investments in associates	7	10	17
Unconsolidated investments	3	(3)	
Current assets	46	(4)	42
TOTAL ASSETS	**100**	**90**	**190**
Equity attributable to Group	23	90	113
Minority interests			
Tax liabilities			
Other non-current liabilities	12		12
Current liabilities	65		65
TOTAL EQUITY AND LIABILITIES	**100**	**90**	**190**
Impact on revenue	**131**		

(1) Temporary allocation potentially amendable within one year following acquisition date.

Investment price in consolidated companies acquired during the year totaled 95 million euros to which is added 18 million euros for the purchase of companies acquired in 2012 but consolidated in 2013. The fair value of acquired assets and liabilities totals 113 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	
		2013	2012
France			
Mainland 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
Colas Grands Travaux	Maxeville – France	100.0	100.0
Comptoir des Calcaires et Matériaux	Wallers-en-Fagne – France	99.9	99.9
Carrières Roy (PC)	Saint-Varent – France	49.9	49.9
Aximum	Chatou – France	99.9	99.9
Spac	Clichy – France	99.9	99.9
Smac	Boulogne-Billancourt – France	99.9	99.9
Colas Rail	Maisons-Laffitte – France	99.9	99.9
Cofiroute (EM)	Sèvres – France	16.7	16.7
Société de la Raffinerie de Dunkerque	Dunkirk – France	100.0	100.0
French Overseas Departments			
GTOI	Le Port – Reunion Island	99.9	99.9
Colas Mayotte	Mamoudzou – Mayotte	100.0	100.0
Entreprise de TP et Concassage	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
Ribal Travaux Publics	Cayenne – French Guiana	99.9	99.9
French Overseas Territories			
Colas de Nouvelle-Calédonie	Noumea – New Caledonia	99.7	99.7
Europe (excluding France)			
Colas Belgium	Brussels – Belgium	99.9	99.9
Colas Hrvatska	Varazdin – Croatia	100.0	100.0
Colas Danmark A/S	Glostrup – Denmark	100.0	100.0
Colas Ltd	Rowfant Crawley – Great Britain	100.0	100.0
Ensign Highways Ltd	Rowfant Crawley – 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
Cermak	Prague – Czech Republic	100.0	100.0
ISK	Kosice – Slovakia	100.0	100.0
Cesty Nitra	Nitra – Slovakia	100.0	100.0
Colas Teoranta	Maynooth – Ireland	100.0	100.0
Colas SA	Lausanne – Switzerland	99.2	99.2

Companies	Head office	% of stake	
		2013	2012
North America			
ColasCanada Inc.	Montreal, Quebec – Canada	100.0	100.0
Colas Inc.	Morristown, New Jersey – United States	100.0	100.0
Africa – Indian Ocean			
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	67.9
Colas South Africa	Cape Town – South Africa	100.0	100.0
Asia			
Wasco	Jakarta – Indonesia	55.1	55.1
Highway Resources Ltd	Singapore	100.0	100.0
Tipco Asphalt (EM)	Bangkok – Thailand	32.1	32.1
Hincol (PC)	Mumbai – India	30.0	30.0
Colas Australia	Sydney – Australia	100.0	93.8

Note 24 – Assessment of the impact of new standards and interpretations in 2014

As explained in note 1, the Group will retrospectively apply new IFRS standards 10, 11 and 12 as of the first quarter 2014, as well as the IFRIC interpretation 21 (subject to adoption by the European Union).

The chart hereunder demonstrates the impact of retrospective application on the 2013 financial statements, which mainly comes from a change in the method of joint venture consolidation from proportionate method to equity method.

Main units concerned:

- France: Carrières Roy, Carrières Someca, STVR;
- International: Hincol (India), Gamma Materials (Mauritius), SW Highways (Great Britain).

	31/12/2013	Impacts IFRS 10-11	Impacts IFRIC 21	Pro forma
Property, plant and equipment	2,332	(68)		2,264
Intangible assets	108	(12)		96
Goodwill	548	(26)		522
Investments in associates	123	117		240
Other financial assets	198	3		201
Non-current tax assets	156		(6)	150
Non-current assets	**3,465**	**14**	**(6)**	**3,473**
Current assets	**4,509**	**(80)**		**4,429**
Held-for-sale assets	358			358
TOTAL ASSETS	**8,332**	**(66)**	**(6)**	**8,260**
Equity attributable to the Group	2,496		9	2,505
Minority interests	38	(7)		31
Non-current debt	231	(10)		221
Non-current provisions	796	(3)		793
Non-current tax liabilities	92	(5)		87
Current liabilities	**4,679**	**(41)**	**(15)**	**4,623**
TOTAL LIABILITIES	**8,332**	**(66)**	**(6)**	**8,260**

Income from ordinary activities	13,049	(204)		12,845
Operating profit	406	(27)		379
Cost of net debt	(26)	5		(21)
Other financial income and expenses	(2)			(2)
Income tax expenses	(127)	7		(120)
Income from associates	64	14		78
Net profit	315	(1)		314
Net profit attributable to minority interests	3	(1)		2
NET PROFIT ATTRIBUTABLE TO THE GROUP	**312**	**–**	**–**	**312**

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEAR ENDED DECEMBER 31, 2013

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, 2013 on:

- the audit of the accompanying consolidated financial statements of the parent company Colas;
- the justification of our assessments;
- 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 – Follow-up of non-current assets costs" and in note 3.3 "Intangible assets and goodwill", 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 – 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 24, 2014

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

Colas financial statements

AT DECEMBER 31, 2013

BALANCE SHEET AT DECEMBER 31

In millions of euros	Notes	2013	2012
Intangible assets		18.0	18.0
Property, plant and equipment		172.9	171.6
Holdings in subsidiaries and affiliates		1,351.2	1,338.2
Loans and advances to subsidiaries and affiliates		298.2	258.2
Other non-current financial assets		3.0	2.4
Non-current assets	3	**1,843.3**	**1,788.4**
Inventories		105.8	66.2
Trade receivables		117.9	118.6
Group and associates		91.1	137.3
Other receivables and prepayments		24.1	20.8
Cash and cash equivalents		21.5	0.7
Current assets	4	**360.4**	**343.6**
TOTAL ASSETS		2,203.7	2,132.0
Share capital		49.0	49.0
Share premium and reserves		979.0	963.3
Net profit for the year		170.0	252.8
Tax-driven provisions		12.5	12.5
Equity	5	**1,210.5**	**1,277.6**
Provisions for contingencies and losses	6	**36.8**	**41.4**
Financial debt		–	–
Advance payments		–	–
Trade payables		165.6	99.8
Group and associates		653.8	441.2
Other non-financial debt, accruals and deferred income	9	71.4	62.9
Bank overdrafts and short-term loans		65.6	209.1
Liabilities		**956.4**	**813.0**
TOTAL EQUITY AND LIABILITIES		2,203.7	2,132.0

INCOME STATEMENT

In millions of euros	Notes	2013	2012
Revenue	10	**913.1**	**871.3**
Raw materials and consumables used		(670.5)	(614.0)
External services		(200.2)	(162.1)
Staff costs		(64.3)	(64.9)
Taxes other than income tax		(10.3)	(10.9)
Depreciation, amortization and depletion		(10.8)	(9.9)
Net provision allocations		(2.8)	(1.2)
Other operating income		94.0	73.4
Other operating expenses		(1.6)	(1.7)
Share of profits from joint ventures		0.2	0.6
Operating profit		**46.8**	**80.6**
Financial income		182.2	257.5
Financial expenses		(49.7)	(55.5)
Interest income (expense)	11	**132.5**	**202.0**
Profit from operations		**179.3**	**282.6**
Exceptional income		5.9	3.7
Exceptional expenses		(5.5)	(9.7)
Exceptional income and expenses	12	**0.4**	**(6.0)**
Employee profit sharing scheme		(0.7)	(1.2)
Income taxes	13	(9.0)	(22.6)
NET PROFIT FOR THE YEAR		**170.0**	**252.8**

NOTES
TO THE FINANCIAL STATEMENTS
OF COLAS

CONTENTS

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

INFORMATION ABOUT THE COMPANY AND EVENTS DURING THE YEAR

The financial statements of Colas for the year ended December 31, 2013 were approved by the Board of Directors and authorized for issue on February 24, 2014.

Colas is a French public *société anonyme* company incorporated in France.

Its main activities are described in note 10.

INFORMATION ON THE USE OF THE FRENCH COMPETITIVENESS AND EMPLOYMENT TAX CREDIT (CICE)

During the fiscal year 2013, Colas recorded a Competitiveness and Employment Tax Credit of 108,000 euros as a reduction in social security contributions.

The CICE tax credit enabled Colas to spend on projects designed to enhance competitiveness and to maintain a strong financial structure.

In particular, the following efforts were made during the year:

- the Company has made tangible and intangible assets in the amount of 14.3 million euros;
- the Company has made efforts to train beyond the statutory minimum;
- in addition, 13 people were recruited during the year for a total annual salary cost of 1.2 million euros.

SIGNIFICANT EVENTS SUBSEQUENT TO DECEMBER 31, 2013

On December 20, 2013, Colas signed an agreement with Vinci Autoroutes pursuant to which Colas agreed to sell its 16.67% stake in Cofiroute to Vinci Autoroutes by no later than January 31, 2014.

The price of the transaction is set at a minimum of 780 million euros and a maximum of 800 million euros, depending on the outcome of certain operational hypothesis for the period 2014-2015.

The transaction was finalized on January 31, 2014.

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, 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:

	2013	2012
Discount rate (IBoxx € corporate)	3.24%	3.30%
Average staff turnover rate	Insee 2006-2008	Insee 2006-2008
Executive retirement age	65 years	65 years
Retirement age of office staff, technicians, supervisory staff, and workers	63 years	63 years
Future salary increases	3%	3%

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 of 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, 2013	Acquisitions	Disposals and reductions	Charges and reversals	December 31, 2013
Intangible assets					
Gross	26.0	0.8			26.8
Amortization and impairment	(8.0)			(0.8)	(8.8)
Net	**18.0**	**0.8**		**(0.8)**	**18.0**
Tangible assets					
Gross	269.4	14.1	(4.6)		278.9
Depreciation and impairment	(97.8)			(8.2)	(106.0)
Net	**171.6**	**14.1**	**(4.6)**	**(8.2)**	**172.9**
Holdings in subsidiaries and affiliates					
Gross	1,482.7	28.0	(2.2)		1,508.5
Impairment	(144.5)			(12.8)	(157.3)
Net	**1,338.2**	**28.0**	**(2.2)**	**(12.8)**	**1,351.2**
Loans/advances to subsidiaries and affiliates					
Gross	304.5	227.4	(186.2)		345.7
Impairment	(46.3)			(1.2)	(47.5)
Net	**258.2**	**227.4**	**(186.2)**	**(1.2)**	**298.2**
Other non-current financial assets					
Gross	2.4	1.1	(0.5)		3.0
Impairment					
Net	**2.4**	**1.1**	**(0.5)**		**3.0**
TOTAL NON-CURRENT ASSETS	1,788.4	271.4	(193.5)	(23.0)	1,843.3

Note 4 – Current assets

	Gross	Impairment	2013 Net	2012 Net
Inventories	**108.1**	**(2.3)**	**105.8**	**66.2**
Trade receivables	**124.0**	**(6.1)**	**117.9**	**118.6**
Group and associates	**118.4**	**(27.3)**	**91.1**	**137.3**
Advances and down payments	0.3		0.3	0.2
Other receivables	14.2		14.2	12.5
Prepaid expenses	0.3		0.3	0.4
Accrued income	1.3		1.3	0.8
Deferred tax assets	8.0		8.0	6.9
Other receivables and regularization accounts	**24.1**		**24.1**	**20.8**
Marketable securities				
Bouygues Relais cash management company				
Cash and cash equivalents	21.5		21.5	0.7
Marketable securities, cash and cash equivalents	**21.5**		**21.5**	**0.7**
TOTAL CURRENT ASSETS	**396.1**	**(35.7)**	**360.4**	**343.6**

Note 5 – Equity

COMPOSITION OF THE SHARE CAPITAL

Colas had share capital of 48,981,748.50 euros at December 31, 2013.

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, 2013	32,654,499	48,981,748.50
AT DECEMBER 31, 2013	**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, 2013	Appropriation by AGM(1)	Capital increase	Other changes	December 31, 2013
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	535.7	15.7			551.4
Share premium and reserves	**963.3**	**15.7**			**979.0**
Net profit for the year	252.8	(252.8)		170.0	170.0
Tax-driven provisions	12.5				12.5
TOTAL EQUITY	**1,277.6**	**(237.1)**		**170.0**	**1,210.5**

(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, 2013	Increases	Provisions used	Provisions cancelled	December 31, 2013
Litigation and claims	4.0	0.3	(0.1)	(0.1)	4.1
Tax reassessments					
Risks related to foreign operations	3.0		(1.0)		2.0
Employee benefits	25.0	1.1			26.1
Risks related to subsidiaries and affiliates	9.2	0.9	(8.0)		2.1
Other provisions for contingencies	0.2	2.3			2.5
Provisions for losses					
PROVISIONS FOR CONTINGENCIES AND LOSSES	**41.4**	**4.6**	**(9.1)**	**(0.1)**	**36.8**

Note 7 – Breakdown of accounts involving related companies

	Assets	Liabilities	Income statement
Non-current financial assets	1,649.4	–	–
Receivables	149.9	–	–
Cash and cash equivalents	–	–	
Financial debt	–	–	–
Non-financial debt	–	669.9	–
Bank overdrafts	–		–
Financial income	–	–	164.3
Financial expense	–	–	(40.3)
TOTAL	**1,799.3**	**669.9**	**124.0**

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	301.2	149.4	150.1	1.7
Receivables related to current assets	233.1	233.1		
Cash and cash equivalents	21.5	21.5		
RECEIVABLES	555.8	404.0	150.1	1.7
Financial debt				
Non-financial debt	890.8	890.8		
Bank overdrafts and short-term loans	65.6	65.6		
PAYABLES	956.4	956.4		

Note 9 – Other non-financial debt, accruals and deferred income

	2013	2012
Tax and social security liabilities	36.3	32.6
Liabilities in respect of fixed assets	3.6	4.9
Other liabilities	19.5	16.7
Deferred income and other regularization accounts	12.0	8.7
TOTAL	71.4	62.9

Note 10 – Breakdown of revenue

	France	International	2013	2012
Works (1)		3.7	3.7	2.6
Sale of products (2)	398.7	300.9	699.6	656.1
Provision of services (3)	127.7	82.1	209.8	212.6
REVENUE	526.4	386.7	913.1	871.3

(1) Project in Romania.
(2) Sales of refined products by SRD (Société de la Raffinerie de Dunkerque).
(3) Provisions of services to subsidiaries and affiliates.

Note 11 – Financial income (expenses)

	2013	2012
Dividends received from subsidiaries and affiliates	156.2	218.5
Net interest income (expense)	(2.0)	(0.4)
Other financial provision (charges) reversals	(24.2)	(17.1)
Net gain on disposal of marketable securities		
Net translation adjustment	2.5	1.0
Losses on advances to subsidiaries and affiliates		
NET FINANCIAL INCOME (EXPENSE)	132.5	202.0

Note 12 – Exceptional income (expenses)

	2013	2012
Capital gain (loss) on the disposal of fixed assets (non-recurring disposals: land, buildings, non-current financial assets)	0.4	(4.8)
Other income (expense) on management transactions (net)		
Exceptional provision (charges) reversals		(1.2)
EXCEPTIONAL GAIN (LOSS)	0.4	(6.0)

Note 13 – Income taxes

BREAKDOWN OF TAX EXPENSES

	2013	2012
Current tax charge for the year	(9.0)	(21.3)
Tax supplements or reductions for prior years	(1.1)	(1.5)
Deferred tax	1.1	0.2
INCOME TAXES	(9.0)	(22.6)

BREAKDOWN OF THE TAX CHARGE BETWEEN CURRENT PROFIT AND EXCEPTIONAL PROFIT

	Profit before tax	Tax due	Net profit after tax
Current profit (after profit sharing)	178.6	(9.0)	169.6
Exceptional income (expenses)	0.4	–	0.4
TOTAL	179.0	(9.0)	170.0

BREAKDOWN OF DEFERRED TAX

	Temporary differences
Non-current assets	(7.6)
Current assets	2.2
Provisions for contingencies and losses, temporarily not deductible	28.5
Debt	
Tax losses available for carry forward	
Total deferred tax bases	**23.1**
Tax rate	34.43%
DEFERRED TAX AT FISCAL YEAR END	8.0
Deferred tax at the beginning of the year	6.9
Deferred tax (income) expense	**1.1**

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	170.0
Amounts charged for the year to tax-driven provisions	1.1
Reversals for year of tax-driven provisions	(1.1)
Impact on tax	–
NET PROFIT EXCLUDING THE IMPACT OF TAX-DRIVEN PROVISIONS ON PROFIT	170.0

Note 15 – Off-balance sheet commitments

FINANCE LEASE

None.

OTHER COMMITMENTS

	Guarantees	Letters of intent	Total
Subsidiaries and affiliates	164.3		164.3
Other related companies	7.1	0.7	7.8
Third parties	1.4		1.4
Commitments given	**172.8**	**0.7**	**173.5**
Commitments received	**–**	**–**	**–**

The Company issued a guarantee for 2013 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

	2013	2012
Managers and engineers	272	251
Office staff, technicians	70	96
Site workers	–	–
TOTAL	342	347

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 2013 to Mr. Hervé Le Bouc, Chairman and Chief Executive Officer, amounted to 1,668,702 euros. Gross variable compensation for 2013 established in relation to quantitative and qualitative targets to be paid in 2014 will be 1,067,016 euros (460,000 euros in 2013). He received an amount of 19,000 euros in Directors' fees from Colas in 2013.

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 2013 amounted to 247,000 euros (including the amount paid to the Chairman and Chief Executive Officer).

Note 17 – Fees paid to the statutory auditors

	Mazars		KPMG	
	2013	2012	2013	2012
Statutory audit and certification of annual financial statements	0.2	0.2	0.2	0.2
Other fees	–	–		0.5
TOTAL	0.2	0.2	0.2	0.7

Note 18 – Subsidiaries and affiliates

In millions of euros	Share capital	Other equity	% held	Value of securities		Loans and advances granted	Guarantees provided	Revenue 2013	Net income 2013	Dividends received in 2013
				Gross	Net					
1. Subsidiaries France										
Colas Centre-Ouest	7.4	28.5	44.3	3.4	3.4	90.0	0.5	790.1	3.4	0.3
Colas Île-de-France Normandie	35.1	49.7	56.3	19.7	19.7		4.6	1,010.1	17.2	6.7
Colas Nord-Picardie	5.7	39.5	50.0	2.9	2.9		2.7	399.2	5.5	3.6
Colas Est	23.8	48.0	43.6	10.2	10.2	36.0	2.8	739.0	8.7	1.5
Colas Rhône-Alpes Auvergne	20.1	91.2	64.4	36.1	36.1		1.3	754.3	20.3	9.0
Colas Midi-Méditerranée	9.0	70.1	76.6	6.1	6.1		2.4	691.8	24.8	17.6
Colas Sud-Ouest	14.8	49.2	47.0	5.8	5.8	15.0	2.3	795.2	15.5	2.8
Screg Ouest	11.7	9.4	99.9	21.0	21.0	30.0			(0.1)	
Screg Île-de-France Normandie	8.8	19.3	99.9	24.7	24.7				0.2	
Screg Nord-Picardie	12.1	17.6	99.9	19.7	19.7			0.1		
Screg Est	13.4	23.2	99.9	30.8	30.8			0.3	0.4	
Screg Sud-Est	8.3	19.2	99.9	23.7	23.7					
Screg Sud-Ouest	9.0	19.8	99.9	20.2	20.2					
Sacer Atlantique	4.4	1.1	99.9	4.4	4.4				(0.1)	
Sacer Paris Nord-Est	4.8	12.7	99.9	4.9	4.9				0.1	
Sacer Sud-Est	5.1	13.4	99.9	5.2	5.2			0.1	(0.1)	
Aximum	49.1	(8.5)	99.9	50.1	50.1		1.0	369.9	7.6	0.3
Spac	5.1	1.0	99.9	14.3	14.3	8.0	1.5	205.2	2.2	
Smac	4.3	19.8	99.9	9.9	9.9		2.0	681.0	7.1	21.0
Colas Rail	105.3	62.6	100.0	331.4	331.4	70.9	26.9	779.8	14.4	0.6
Sté Raffinerie de Dunkerque	40.7	1.5	100.0	21.2	21.2	9.0		93.4	1.1	0.9
GTOI	0.8	18.6	100.0	1.4	1.4			181.3	2.2	1.3
SCPR	0.5	20.0	100.0	30.3	30.3			40.5	1.3	1.5
Ribal Travaux Publics	7.5	15.4	100.0	7.6	7.6	2.1		35.9	2.9	0.2
Gouyer	2.0	(1.7)	96.9	48.0	24.0	6.9		3.3	(3.2)	
Sogetra	0.1	4.3	100.0	3.5	3.5			40.1	1.2	
Other French subsidiaries				10.8	9.6	54.8	105.8			0.6
Total subsidiaries France				**767.3**	**742.1**	**322.7**	**153.8**			**67.9**
2. Affiliates France										
Cofiroute	158.3	1,991.0	16.6	10.9	10.9			–	–	49.7
Other affiliates France				9.6	9.6	9.6		–	–	–
Total affiliates France				**20.5**	**20.5**	**9.6**				**49.7**
3. Foreign subsidiaries and affiliates										
Foreign subsidiaries				618.0	494.6	57.0	10.5			38.6
Foreign affiliates				102.7	94.0					
TOTAL				**1,508.5**	**1,351.2**	**389.3**	**164.3**			**156.2**

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	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
SCPR	32,600	30,300
Ribal Travaux Publics	7,500,000	7,644
Sogetra	146,895	3,492
Gouyer	124,436	24,033
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	–	588,581
Total subsidiaries		**1,351,180**
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		**1,351,186**

RESULTS OF THE COMPANY FOR THE LAST FIVE FISCAL YEARS

in thousands of euros	2009	2010	2011	2012	2013
Share capital at the end of the fiscal year					
Share capital	48,903	48,937	48,982	48,982	48,982
Number of shares issued	32,601,789	32,624,790	32,654,499	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	573,294	576,703	757,399	871,316	913,060
Profit before tax, depreciation, amortization and provisions	405,952	378,508	349,625	304,786	219,056
Income taxes	30,095	13,385	26,735	22,623	9,006
Profit sharing for the fiscal year	1,729	1,405	1,668	1,219	695
Profit after tax, depreciation, amortization and provisions	329,061	267,456	324,627	252,765	170,040
Distributed profit	220,062	205,536	237,072	237,072	237,072(1)
Earnings per share (in euros)					
Profit after tax but before depreciation, amortization and provisions	11.53	11.19	9.89	8.64	6.43
Profit after tax, depreciation, amortization and provisions	10.09	8.20	9.94	7.74	5.21
Dividend per share (in euros)	6.75	6.30	7.26	7.26	7.26(1)
Workforce					
Average workforce	317	311	341	347	342
Total payroll	45,327	44,352	47,554	47,527	46,897
Amounts paid in respect of social benefits (social security, etc.)	13,524	15,393	13,147	17,340	17,406

(1) 2013 dividend: subject to the approval of the Shareholders' Meeting of April 15, 2014.

REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS

FISCAL YEAR ENDED DECEMBER 31, 2013

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, 2013 on:

- the audit of the accompanying parent company financial statements;
- the justification of our assessments;
- 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, 2013, 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 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 identity of shareholders and of holders of voting rights.

Paris-La Défense and Courbevoie, February 24, 2014

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat Partner	Gaël Lamant Partner	Guillaume Potel Partner

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

FISCAL YEAR ENDED DECEMBER 31, 2013

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) Assistance provided to the Group-level Bitumen division

At its meeting of January 8, 2013, the Board of Directors authorized the renewal for a period of one year of a consultancy agreement with Christian Balmes for assistance provided to the Colas Bitumen division for an amount of 70,000 euros.

Person concerned: Christian Balmes.

b) Two securization agreements for financing with receivables

At its meeting on September 25, 2013, the Board of Directors authorized the financing with receivables via two securization agreements contracted with the Crédit Agricole Corporate and Investment Bank (CA-CIB), in which your Company and some of its French subsidiaries have taken part.

Colas Group subsidiaries who are participating in the program will transfer receivables that they hold or will hold with their public customers, and which result from sales activities with the debtors.

The operations include two separate programs for a total amount of 500 million euros.

The Board of Directors in its meeting on September 25, 2013 authorized your Company to provide the following guarantees as part of the two programs:

- joint and several guarantee, for the payment obligations of its participating subsidiaries for a total amount of 500 million euros maximum;
- a pledge of cash as collateral as a subordinated interest in the programs to guarantee all or part of the payment obligation of participating subsidiaries.

In addition, in its meeting on September 25, 2013, the Board of Directors granted your Company the power to pay the amounts due for transfer of receivables for the amounts collected by those participating subsidiaries from the debtors concerned.

Persons concerned: Hervé Le Bouc, Thierry Montouché, Thierry Genestar and Jacques Leost.

c) Counter joint and several guarantee for the Builders consortium for the L2 Loop project in Marseille

As part of the L2 Loop construction project in Marseille between the interchanges Les Arnavaux and Florian, the project company, in which Colas subsidiary Colas Midi-Méditerranée has a 3.72% stake, contracted the design and build phase out to the Builders consortium, in which your Company's subsidiary Colas Midi-Méditerranée has a 13.5% stake.

The design-build agreement between the Builders consortium and the project company amounts to a minimum of 488,342,000 euros excluding taxes and indexing.

The design-build contract stipulates that the Builders consortium provide the project company with a joint and several guarantee issued by Bouygues Construction, to guarantee all of the Builders consortium's obligations relating to the contract and for the duration of the Builders consortium's obligations.

A counter joint and several guarantee for the Builders consortium benefiting Bouygues Construction, in proportion to the 13.5% stake held by Colas Midi-Méditerranée, will guarantee any claim on the part of the project company as a result of failure or poor performance of the design-build contract by the Builders consortium.

The Board of Directors on September 25, 2013 authorized the issuance of a joint and several guarantee for the Builders consortium by Colas as the parent company of Colas Midi-Méditerranée benefiting Bouygues Construction.

Persons concerned: Olivier Bouygues, Jean-François Guillemin, Bouygues SA represented by Philippe Marien, Gilles Zancanaro.

d) Shared services agreement

In its meeting on November 8, 2013, the Board of Directors approved the renewal for a period of one year of the shared services agreement signed between Bouygues SA and Colas, 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 2013 financial statements. Its effects will be reflected in the 2014 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

e) Cash management agreement

At its meeting on November 8, 2013, the Board of Directors authorized the continuation of the cash management agreement signed with Bouygues Relais, for one additional year (expires on March 1, 2015).

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

f) Agreement for the use of aircraft

In its meeting on November 8, 2013, the Board of Directors authorized the signing of a rider pursuant to the agreement relating to the use of aircraft with SNC Airby, a subsidiary of Bouygues SA and SCDM, for fiscal 2014, as well as the renewal of the agreement for fiscal 2014.

The rider stipulates the financial conditions under which rented aircraft is made available to Colas by SNC Airby. The aircraft is made available at rental cost, plus an amount of 1,000 euros excluding VAT, which corresponds to the provision of the aircraft and related services. Invoices are sent each time the aircraft is made available. All other conditions of the service agreement remain unchanged.

The renewal of this agreement had no impact on the 2013 financial statements. Its effects will be reflected in the 2014 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner and Bouygues SA represented by Philippe Marien.

g) Supplemental defined benefit pension plan

At its meeting of November 8, 2013, the Board of Directors authorized the continuation, for fiscal year 2014, 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 2013 financial statements. Its effects will be reflected in the 2014 financial statements.

Persons concerned: Hervé Le Bouc.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING THE PREVIOUS FISCAL YEARS WHICH 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' Meetings in previous fiscal years, remained in force during the year.

a) Cash management agreement

At its meeting on November 13, 2012, the Board of Directors authorized the continuation of the cash management agreement with Bouygues Relais for a maximum amount of 850 million euros, to expire on March 1, 2014.

Pursuant to the said agreement, Bouygues Relais has a receivable of 57 million euros at December 31, 2013 on Colas SA. In addition, cash transactions made during fiscal 2013 generated a net expense of 3,027,221 euros.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Jean-François Guillemin, Colette Lewiner and Bouygues SA represented by Philippe Marien.

b) Tax consolidation agreement

The tax consolidation agreement between Colas and Bouygues SA, renewed on December 15, 2011, continued to apply in 2013. 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 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 corresponding expenses recognized by Colas parent company during the year ended December 31, 2013 amounted to 16,415,355 euros.

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 on November 13, 2012, the Board of Directors authorized the renewal of an agreement relating to the use of aircraft with SNC Airby, a subsidiary of Bouygues SA and SCDM.

The corresponding expenses recognized by Colas parent company during the year ended December 31, 2013 amounted to 625,447 euros.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, François Bertière, Colette Lewiner and Bouygues SA represented by Philippe Marien.

e) Supplemental defined benefit pension plan

At its meeting on November 13, 2012, the Board of Directors authorized the continuation for fiscal 2013 of the agreement relating to the supplemental defined 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 parent company in respect of the agreement in force for fiscal year 2013 was 744,103 euros.

Persons concerned: Hervé Le Bouc.

f) Supplemental defined contribution pension plan

At its meeting on 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 2013 was 53,487 euros.

Persons concerned: Thierry Genestar and Thierry Montouché.

Paris-La Défense and Courbevoie, February 24, 2014

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Gaël Lamant *Partner*	Guillaume Potel *Partner*

REPORT OF THE STATUTORY AUDITORS ON THE EQUITY TRANSACTIONS DESCRIBED IN RESOLUTIONS 12 AND 13 SUBMITTED FOR THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING OF APRIL 15, 2014

FISCAL YEAR ENDED DECEMBER 31, 2013

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 – REPORT OF THE STATUTORY AUDITORS ON THE REDUCTION OF SHARE CAPITAL BY WAY OF RETIREMENT OF TREASURY SHARES (12TH 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 the way of 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 to the Board of Directors, for a period of eighteen months from the date of this Shareholders' Meeting, to retire, up to a maximum of 0.90% 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* (the French national institute of Statutory Auditors), relating to this engagement. These procedures consisted 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 comment to make on the reasons for and conditions of the proposed reduction in share capital.

2 – REPORT OF THE STATUTORY AUDITORS ON THE ISSUING OF INVESTMENT SECURITIES THAT GRANT ENTITLEMENT TO AN ALLOTMENT OF DEBT INSTRUMENTS (OTHER THAN BONDS PROVIDED FOR IN ARTICLE L. 228-40 OF THE FRENCH COMMERCIAL CODE) (13TH RESOLUTION)

In our capacity as Statutory Auditors of your Company and in accordance with procedures provided for in article 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 create and issue securities conferring entitlement to debt instruments (other than the bonds provided for in article L. 228-40 of the French Commercial Code) either immediately or over time to fixed term or perpetual debt instruments, or any other instruments conferring, in a single issue, a similar claim on the Company. The maximum nominal amount of these securities may not exceed a maximum amount of 750,000,000 euros (or its equivalent in currencies other than the euro or in another monetary unit based on a basket of currencies), if approved by the Shareholders during the Shareholders' Meeting.

Your Board of Directors requests that you grant it all powers necessary to implement the procedure, for a period of twenty-six months. If approved, the Board shall also have the authority to determine the final issue conditions.

It is the responsibility of the Board of Directors to prepare a report in compliance with articles R. 225-113, R. 225-114 and R. 225-117 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 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* (the French national institute of Statutory Auditors) relating to the above. Our work consisted in verifying the content of the Report of the Board of Directors as it relates to these transactions.

Given that the definitive conditions of issuance have yet to be determined, we do not express any opinion on the conditions under which this issue will take place.

In compliance with article R. 225-116 of the French Commercial Code, we shall issue a supplemental report, when necessary, upon the use of this delegation by your Board of Directors.

Paris-La Défense and Courbevoie, February 24, 2014

The Statutory Auditors

KPMG Audit IS	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

INDEPENDENT VERIFIER'S STATEMENT ATTESTING TO CORPORATE SOCIAL RESPONSIBILITY INFORMATION AS PRESENTED IN THE REPORT OF THE BOARD OF DIRECTORS

FISCAL YEAR ENDED DECEMBER 31, 2013

To the Shareholders,

In our capacity as the independent verifier of Colas parent company, Cofrac accredited (no. 3-1050), we hereby present to you our report on the consolidated social and environmental data for the fiscal year ended December 31, 2013, presented in the Report of the Board of Directors, hereinafter CSR Information, as stipulated in article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to prepare a report on the Group's management including the social and environmental information as required in article R. 225-105-1 of the French Commercial Code, in compliance with the guidelines used by the Company, comprising the Guide to CSR reporting indicators and the protocol for social, environmental and societal reporting in the Bouygues Group dated September 2013 (the "Guidelines"), of which a summary has been included in the introduction to Section I – Employee information and Section II – Environmental information in the Report of the Board of Directors. The documents are also available upon request at the Company head office.

INDEPENDENCE AND QUALITY CONTROLS

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 CSR Information has been included in the Report of the Board of Directors or, if any information has been omitted, an explanation as provided for in the third paragraph of article R. 225-105 of the French Commercial Code (Statement attesting to disclosure of CSR Information);
- express an opinion of limited assurance that the CSR Information is fairly presented, in all material respects, in accordance with the Guidelines (Limited assurance report on fair presentation of CSR Information).

Our audit was performed by a team of five persons between September 2013 and February 2014 over a period of roughly ten weeks.

We conducted our audit in accordance with professional standards applicable in France, with the article dated May 13, 2013 relating to the procedures used by independent verifiers, and in accordance with the ISAE 3000[1] (International Standard on Assurance Engagements).

1. STATEMENT ATTESTING TO THE DISCLOSURE OF CSR INFORMATION

We conducted interviews with the individuals in charge of social and environmental reporting, during which we gathered information about the main targets in terms of sustainable development, relating to the social and environmental impact of the Company's activities and societal commitments, and if any, the programs and/or actions resulting thereof.

We compared the CSR Information included in the Report of the Board of Directors with the list of information required in article R. 225-105-1 of the French Commercial Code.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

Where certain consolidated information was omitted, we verified that the explanations were provided in accordance with the provisions of article R. 225-105 subparagraph 3 of the French Commercial Code.

We examined the CSR Information to ensure coverage of the consolidated scope of operations, corresponding at a minimum to the Company and its subsidiaries as defined in article L. 233-1 in the French Commercial Code and controlled companies as defined in article L. 233-3 of the French Commercial Code, within the scope specified in the introductions of Section I – Employee information and Section II – Environmental Information, notably employee information in France, which represents 61% of the consolidated workforce.

On the basis of the above, and in light of the aforementioned limits, we certify that the required disclosures pertaining to CSR Information are included in the Report of the Board of Directors.

2. LIMITED ASSURANCE REPORT

NATURE AND SCOPE OF OUR PROCEDURES

We conducted roughly fifteen interviews with twelve individuals in charge of gathering and preparing CSR Information within the following corporate departments and divisions: Environment, Human Resources, Internal Audit, General Secretary, General Management, and, if applicable, the individuals in charge of internal control procedures and risk management. Our procedures enabled us to:

• assess the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, taking into consideration best practices in the industry if applicable;

• verify that the Group has implemented procedures for data collection, compilation, processing and quality control to ensure the completeness and consistency of the CSR Information. We reviewed the internal control and risk management procedures involved in the preparation of the CSR Information.

We determined the nature and scope of the tests and controls as a function of the nature and importance of CSR Information with respect to the Company's specific characteristics, the social and environmental impact of its activities, its sustainable development targets and best practices in its business sectors.

With regard to the CSR Information that we considered as the most important[1]:

• at the level of the consolidating entity, we consulted documents and carried out interviews to corroborate qualitative information (organization, policies, actions, etc.), we performed tests on the quantitative information and on the calculations and consolidation of data. We verified their reconciliation with data included in the Report of the Board of Directors;

• for a representative sample, four companies[2] were selected by us based on their line of business, their contribution to the Group's consolidated information, their location and a risk analysis. We performed procedures to verify the proper application of the Guidelines and 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 15% of the Group's scope of revenue and 12% of the workforce.

For other consolidated CSR Information, we assessed their fair presentation with reference to our knowledge of the Company.

Lastly, we assessed the relevance of any explanations relating to the absence of certain elements of information.

We consider that the sampling method and size of the samples we chose allow us to formulate a limited assurance conclusion; a higher level would have required broader verification. In light of the limits of the sampling procedure and as well as the inherent limits of any internal control and information system, the risk of not detecting a significant misstatement in the CSR Information is not entirely eliminated.

CONCLUSION

Based on our procedures, we did not identify any material misstatement that would call into question the assessment that the CSR Information, in all material respects, is fairly presented and in compliance with Guidelines.

(1) Employee information: employment (total workforce), absenteeism (% in France); work-related accidents (frequency and severity rates for work-related accidents involving Group employees), as well as occupational illnesses (the number of occupational illnesses recognized in France), training policies (average number of days of training per employee in France).
Environmental and Societal information: the Group's overall environment policy, organization, assessment and certification programs (rate of environmental certification in material productions units, rate of environmental self-assessment using Colas' checklist), prevention measure, recycling, waste disposal (quantities and ratio of materials recycled compared to aggregates produced, quantities and rate of reclaimed asphalt pavement to re-use bitumen, amount of waste oil recuperated), energy consumption and measures taken to improve energy efficiency (energy consumed per ton of asphalt mix produced, amount of warm mixes produced by hot mix plants), greenhouse gas emissions, raw material consumption, measures taken to develop biodiversity (rate of aggregate production sites with an action in favor of biodiversity); impact on local or frontage residents (share of materials production business with local dialogue structures), suppliers and subcontractors, fair trade practices and action to prevent corruption.
(2) Colas Rhône-Alpes – Auvergne, Colas Réunion, Colas Mayotte and Barrett Industries Corporation (United States).

OBSERVATIONS

Without questioning the aforementioned conclusion, we would like to draw your attention to the following:

- the comparability of CSR Information between fiscal years 2012 and 2013 has been impacted by significant changes in scope, organization and method. Only most of the Social Indicators from 2012 have been retreated and presented in the new 2013 scope. Comments relating to comparability of data were also made on the corresponding chapters;
- for indicators which measure the roll out of a given action (e.g., biodiversity, local dialogue, etc.), the degree of formalization of these actions may vary from one unit to the next. If applicable, a comment has been made to indicate uncertainty as to their consolidation (e.g., chapter II.E.1 relating to measuring taken to foster biodiversity).

Paris-La Défense, February 24, 2014

Independent Verifier
ERNST & YOUNG et Associés

Sustainable Development	Accounting
Éric Mugnier	Bruno Perrin

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 2013 – including the balance sheet, the income statement and the notes, which show a profit of 170,040,171.76 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 13,640 euros for fiscal year 2013.

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 2013 – including the balance sheet, the income statement and the notes, and which show a net profit attributable to the Group of 311,751,000 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:	**170,040,171.76**
Plus prior unappropriated earnings:	551,399,931.47
Total unappropriated earnings:	**721,440,103.23**
– to the legal reserve:	–
– to a dividend payout in the amount of:	237,071,662.74
– balance of unappropriated earnings:	484,368,440.49

The dividend of 7.26 euros per share shall be paid by Colas, the issuing company, as of April 29, 2014. 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
2010	€6.30
2011	€7.26
2012	€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

RATIFICATION OF THE CO-OPTION OF A DIRECTOR

The Shareholders' Meeting ratifies the Board of Director's provisional appointment of Ms Martine Gavelle to the Board as of February 24, 2014, to replace Mr Thierry Montouché, who resigns, for the remainder of the term, which 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 Mr Jean-François Guillemin'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 2015.

Seventh resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr Gilles Zancanaro'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 2015.

Eighth 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. 225-209 *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 a maximum of 294,846 company shares, subject to the Board's continuing compliance 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 175 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 175 euros per share, would be 51,598,050 euros (on the basis of 294,846 shares, i.e. 0.90% of the total number of shares constituting the Company's share capital);

• 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 delegation of authority supersedes any corresponding earlier delegation;

• grants full powers to the Board of Directors 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.

Ninth resolution

OPINION IN FAVOR OF THE ITEMS OF COMPENSATION DUE AND AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, HERVÉ LE BOUC, IN RESPECT OF FISCAL YEAR 2013

The Shareholders' Meeting, which meets the quorum and majority requirements for Annual Shareholders' Meetings, after having examined the items of compensation due and awarded to the Chairman and Chief Executive Officer, Hervé Le Bouc, in respect of the fiscal year ended December 31, 2013, renders an opinion in favor of these items of compensation.

Tenth 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

Eleventh resolution

MODIFICATION OF THE COMPANY BY-LAWS, ARTICLES 16 AND 20 RELATING TO THE AGE LIMIT FOR THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

The Shareholders' Meeting, acting with the quorum and majority required for an Extraordinary Shareholders' Meeting, and having duly considered the report of the Board of Directors, resolves to modify the Company by-laws as follows:

- article 16 – Chairman and Bureau of the Board of Directors:

"The Board of Directors shall appoint a Chairman from among its members. The Chairman must be a natural person, and shall serve as Chairman for the duration of his or her directorship, unless the Board has chosen to set a shorter term for the appointment. *The age limit for the position of Chairman shall be sixty-seven years. When the Chairman turns sixty-five, his or her appointment may continue for a maximum of one year, subject to confirmation by the Board of Directors at its next meeting. The Chairman's appointment may then be renewed for a second one-year period, until he or she turns sixty-seven, at which time he or she shall automatically be deemed to have resigned."* The rest of this article remains unchanged.

- article 20 point 2 – Executive Management – Powers:

"The Board of Directors shall appoint a Chief Executive Officer who shall report to it and whose duties shall be the executive management of the Company. The Chief Executive Officer shall be a natural person.

The duration of the Chief Executive Officer's appointment shall be determined by the Board of Directors. If the Chief Executive Officer is also the Chairman of the Board of Directors, said duration shall not exceed the duration of his or her term as Chairman.

The age limit for the position of Chief Executive Officer shall be sixty-seven years. When the Chief Executive Officer turns sixty-five, his or her appointment may continue for a maximum of one year, subject to confirmation by the Board of Directors at its next meeting. The Chief Executive Officer's appointment may then be renewed for a second one-year period, until he or she turns sixty-seven, at which time he or she shall automatically be deemed to have resigned.

The Chief Executive Officer shall be vested with the broadest powers to act in any event on the Company's behalf. He or she shall exercise those powers within the confines of the Company's corporate purpose and to the exclusion of powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

The Chief Executive Officer shall represent the Company in dealings with third parties.

If asked by the Chief Executive Officer, the Board of Directors may appoint one or two Deputy Chief Executive Officers, who shall be natural persons, to assist the Chief Executive Officer.

The Chief Executive Officer's appointment may at any time be revoked by the Board of Directors. If asked by the Chief Executive Officer, the Board of Directors may also revoke the appointments of Deputy Chief Executive Officers at any time.

When the Chief Executive Officer stops or is prevented from acting as such, the Deputy Chief Executive Officers shall retain their duties and attributions until a new Chief Executive Officer is appointed, unless the Board decides otherwise.

The extent and duration of the powers delegated to Deputy Chief Executive Officers are determined by the Board of Directors in agreement with the Chief Executive Officer. However, when a Deputy Chief Executive Officer is also a member of the Board of Directors, the term of his or her appointment as Deputy Chief Executive Officer may not exceed that of his or her directorship. *The age limit for the position of Deputy Chief Executive Officer shall be set, confirmed and renewed in the same manner as that for the positions of Chairman and Chief Executive Officer.*

The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer vis-à-vis third parties." The rest of this article remains unchanged.

Twelfth 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 sub-delegate 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 0.90% of the number of shares constituting the Company's share capital at the date of this Shareholders' Meeting, and to correspondingly reduce the share capital;
- grants this authorization for a period of eighteen months as of the date of this Meeting;

- grants full powers to the Board of Directors, including the option to sub-delegate such powers, to carry out any share capital decrease(s) resulting from the retirement of shares pursuant to this authorization (particularly to deduct the difference between the purchase value of the securities canceled and their par value from the premiums and reserves available, including the statutory reserve for 10% of the share capital canceled) and to amend the by-laws accordingly;
- takes due note that this delegation of authority supersedes any earlier corresponding delegation.

Thirteenth resolution

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO ISSUE ALL INVESTMENT SECURITIES THAT GRANT ENTITLEMENT TO AN ALLOTMENT OF DEBT INSTRUMENTS (OTHER THAN OBLIGATIONS SPECIFIED IN ARTICLE L. 228-40 OF THE FRENCH COMMERCIAL 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 articles L. 225-129-2 to L. 225-129-6 and L. 228-92 *et seq.* of the French Commercial Code, hereby:

- delegates the authority to the Board of Directors to decide upon the creation and issue, at its sole discretion, in one or several operations, either in France or abroad, by way of a public offering or through private investment, at such dates and under such conditions as it shall deem appropriate, of securities (other than the bonds provided for in article L. 228-40 of the French Commercial Code) conferring entitlement, either immediately or over time, to fixed-term or perpetual debt instruments, or any other instruments conferring, in a single issue, a similar claim on the Company. These securities conferring entitlement to debt instruments may be denominated in euros or in foreign currencies, or in any other monetary unit based on a basket of currencies;
- decides that the maximum nominal amount of these securities conferring entitlement to a claim on the Company and the debt instruments to which these securities give access, carried out under this delegation, may not exceed a ceiling of seven hundred fifty million euros (750,000,000 euros) or its equivalent in currencies other than the euro or in any other monetary unit based on a basket of currencies, with the understanding that this maximum nominal amount does not include redemption premiums, if provided for;
- decides that the Board of Directors shall have all powers necessary to implement this delegation, with the option to sub-delegate its authority in accordance with applicable laws and in particular to:

– proceed with said issues within the abovementioned limits, setting the date, type, amounts and currency of the issues,
– determine the type and characteristics of the securities to be issued as well as those of the debt instruments to which these securities may confer entitlement and in particular their nominal value and the date from which these securities shall carry dividend or interest rights, their issue price, including an issue premium where applicable, their interest rates, whether fixed, floating or zero coupon and the payment date, or in the event of floating rate securities, the procedures used to determine their interest rates, or the conditions under which interest is capitalized,
– set forth the method of amortization and/or early redemption of the securities to be issued as well as those for the debt instruments to which these securities may confer entitlement, in accordance with market conditions, where applicable including a fixed or variable premium, or even a redemption premium to be paid by the Company,
– decide, if appropriate, to attach a guarantee or surety to the securities to be issued and to the debt instruments to which these securities may confer entitlement and to determine its type and characteristics,
– make provision, if applicable, for the redemption of securities to be issued, as well as that of the debt instruments to which these securities may confer entitlement, to be paid out of Company assets, and,
– from an overall perspective, to determine all methods and procedures for each issue, enter into any and all agreements with banks and other organizations, take any measures necessary and complete any formalities required and more generally do anything that may be required in this regard;

- grants this authorization for a period of twenty-six months as of the date of this Meeting;
- takes due note that this delegation of authority supersedes any corresponding earlier delegation.

Fourteenth 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 61 and 72 to 78 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 7, 2014

Hervé Le Bouc

Chairman and Chief Executive Officer

COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING, APRIL 15, 2014

AMENDMENT TO RESOLUTION 8

During course of the Combined Annual and Extraordinary Shareholders' Meeting held on April 15, 2014, under the chairmanship of Hervé Le Bouc, Bouygues, the majority shareholder of Colas, presented an amendment to the eighth resolution that was put to the vote at the Annual Shareholders' Meeting to ensure that the buyback of shares as envisaged in this resolution can be used, in particular, to stimulate the market and maintain the liquidity of the Colas share, through the intermediary of an investment services provider acting with complete independence.

Following discussion, the Board of Directors of Colas unanimously agreed to accept the proposed amendment.

The text of the eighth resolution as amended is as follows:

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. 225-209 *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 a maximum of 294,846 Company shares, subject to the Board's continuing compliance 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 maintain the liquidity of the company's share and stimulate the market through the intermediary of an investment services provider acting under a liquidity agreement in compliance with the ethical code approved by the AMF, 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 175 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 175 euros per share, would be 51,598,050 euros (on the basis of 294,846 shares, i.e. 0.90% of the total number of shares constituting the Company's share capital);

• 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 delegation of authority supersedes any corresponding earlier delegation;

• grants full powers to the Board of Directors 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 declaration 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.

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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

Colas, a French Société Anonyme with share capital of 48,981,748.50 euros
RCS Nanterre 552 025 314