Financial report

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Management report of the Board of Directors

A. Report on the accounts of the financial year

1. Consolidated accounts

General summary

The group's consolidated revenue rose 10.7% to €1,774 million from €1,603 million in 2009.

Operating profit from ordinary activities was €99.1 million, up 11.8% from €88.6 million in 2009. Net profit attributable to owners of the parent was €63.3 million compared with €61.7 million in 2009.

CFE's order book stood at €1,939 million at December 31, 2010, down from €2,024 million at January 1, 2010. However, it rose significantly at the beginning of 2011 thanks to substantial orders being booked.

Revenue, results and order book by division

Construction division

Construction division revenue fell 4.7% (7% on a constant consolidation scope basis) to €708 million, compared with €742 million in 2009. However the trend is far from uniform. Sales fell by almost 10% in the Benelux countries, with the crisis having a particularly strong impact in Luxembourg. Conversely, revenue outside Europe was up, boosted by the contract to build a university in Chad. In terms of business activities, civil engineering grew slightly, boosted by major projects such as the Liefkenshoek rail tunnel, the Coentunnel and the Delft rail tunnel, while building sales fell, reflecting the impact of the crisis on private investors.

Operating profit, under the impact of the fall in sales, amplified by the fact that this fall occurred primarily in regions with historically higher margins, fell 11.4% to 10.2 million (€11.5 million in 2009). MBG, CFE Brabant, Geka, BPC and Amart continued to generate satisfactory results. Substantial difficulties were encountered with a major project in the Netherlands; a preliminary agreement was reached with the client, extending the deadline and settling some contractual problems.

Net profit after tax amounted to €8.8 million (€6.3 million in 2009).

The order book, down slightly, stood at €826 million (€845 million on 1 January 2010). The fall is particularly evident in civil engineering, due to the execution of the major infrastructure projects mentioned above and the fact that no large civil engineering contracts were won during the year, when prices were subject to particular pressure. Conversely, the order book was up in construction, and, more particularly, in public-sector contracts.
However, the order book was substantially strengthened at the beginning of 2011 when BPC was awarded the contract for the Premium Tower in Brussels (CFE share €70 million).

Real estate development and management services division

Overall, the real estate development and management services division's business remained brisk.

In Belgium, business activity remained focused mainly on the residential sector, where the sale of ongoing projects continued to be satisfactory. Three office building projects developed in the framework of partnerships near the Gare du Midi were rented and sold to investors.

New residential projects are in the pipeline and BPI won a PPP call for tender to develop 55,000 square metres of residential units and tertiary facilities.

In Poland, the Ocean's Four residential project in Gdansk was launched and sales are proceeding in line with projections.

In Luxembourg, activity was hit hard by the crisis. The Serenity project (Climmolux) was delivered at the beginning of the year. The Luxembourg subsidiary has taken stakes in two major projects: a 170-unit residential project (Greenhill) launched in the third quarter of 2010 and an office project.

At €7.2 million, operating profit was comparable to the 2009 figure (€7.4 million), with a pronounced shift in breakdown from Luxembourg to Belgium.

Net profit came to €3.5 million, versus €5.2 million in 2009.

Dredging & environment division

(The DEME figures reported below are at 100%; CFE owns 50% of DEME's share capital.)

DEME's revenue rose sharply to €1,801 million, up 28% from €1,403 million in 2009. The sharp rise in revenue generated in Europe reflects completion of several major contacts, notably construction of a container terminal for London Gateway in the UK and wind farms.

Operating profit was up 19% at €177 million compared with €147 million in 2009. The slight fall in operating margin reflects the fact that some contracts were carried out as general contractor and included supplies, together with the need to lease vessels. The fleet occupancy rate remained high.

Net profit, taking into account an increase in interest expense linked to investment programmes under way and higher tax, came to €116.5 million (€103 million in 2009).

The order book remained high (€1,935 million versus €2,122 million on January 1, 2010). Substantial orders were booked in the various business activities and geographical operations in 2010, thereby validating the diversification strategy.

Furthermore, DEME recorded new orders totalling around €500 million at the beginning of 2011.

The investment programme continued according to plan. Several vessels are under construction: suction hopper dredger Breughel, jack-up vessel Neptune and sea-going rock cutter dredger Ambiorix. Others are under construction and already launched: fall pipe vessel Flintstone, gravel trailer Victor Horta and the Next Generation Plus megatrailer Congo River (30,000 cubic metres). These vessels will all be operational in 2011-2012.

DEME pursued its policy of high upstream involvement in innovative projects such as tidal energy during the year.

Multitechnics division

Activity remained brisk in the multitechnics division and revenue rose to €149 million, compared with €141 million in 2009. This growth corresponds to inclusion in the scope of consolidation of Van De Maele Multi-Techniek over the full year.

Substantial variations can be noted within this division. Under the impetus of a large project successfully conducted in Hungary, VMA reported sharp growth in revenue, while that of Nizet fell. The railway electrification and signalling segment remained brisk with trends comparable to 2009.

A significant development at the end of the year was the creation of be.Maintenance, a company set up to develop the multitechnical maintenance activity.

Operating profit rose slightly (€6.3 million compared with €6 million in 2009). VMA, Engema and Van De Maele Multi-Techniek posted particularly satisfactory levels of operating profit, while Druart returned to profit after a difficult year in 2009.

Net profit amounted to €3.7 million, compared with €3.3 million in 2009.

The order book rose appreciably to €128 million versus €109 million at January 1, 2010.

PPP–Concessions division

Construction work continued on the Coentunnel (Amsterdam) and Liefkenshoek rail tunnel (Antwerp) projects, while the Turnhout car park concession has moved into operating phase.
The year was therefore devoted to new studies and submission of bids. At the end of the year, in partnership with a Dutch investment fund and SKE Facilities (a VINCI subsidiary), CFE won a contract for schools in the German-speaking Community of Belgium. It also pre-qualified for the "missing links" projects, a light rail line in Antwerp and bus depots.
As concerns the Antwerp ring road, the Noriant consortium of which CFE is a member is still awaiting the decision of the Flemish government.

Rent-A-Port consolidated its positions in three port concessions (Vietnam, Nigeria and Oman). In December 2010, Rent-A-Port Energy was set up in partnership with Ackermans & van Haaren and the company's management. Its aim will be to manage and coordinate offshore wind energy concessions.

The division made an operating loss of €3.7 million, corresponding to the cost of studies under way and the write-down of assets in a concession previously awarded to Rent-A-Port in Liberia.

It made a net loss of €3.4 million (versus a loss of €0.8 million in 2009).

Holding company

The holding company generated a slight net profit. Inter-division results arising from property development or concession projects were eliminated.

In view of the political situation in Tunisia and the current stoppage of works, CFE made the decision to partially write down assets in the course of construction on the mixed development and concession project in the port of Bizerte. This write-down amounts to €6.2 million.

Significant economic data by division

Order book	As of January 1, 2011	As of January 1, 2010	% change
(in € millions)			
Construction	826.4	845.0	-2.2
Real estate development and management services	17.0	9.4	n.s.
Subtotal	843.4	854.4	-1.3
Dredging and environment	967.5	1,061.0	-9.1
Multitechnics	128.2	108.7	17.9
Total consolidated	**1,939.1**	**2,024.2**	**-4.2**

Revenue	2010	2009	% change
(in € millions)			
Construction	707.8	742.5	-4.7
Real-estate development and management services	19.8	27.1	n.s.
Inventory effect	11.2	1.5	n.s.
Subtotal	738.8	771.1	-4.2
Dredging and environment	900.3	701.3	28.4
Multitechnics	148.6	140.7	5.6
PPP - Concessions	3.4	3.6	n.s.
Holding co. (inter-segment eliminations)	-16.7	-14.1	n.s.
Total consolidated	**1,774.4**	**1,602.6**	**10.7**

Revenue by geographical area	2010	2009	% change
(in € millions)			
Belgium	772.5	750.2	3.0
Netherlands	156.6	150.3	4.2
Luxembourg	41.4	93.7	-55.8
Subtotal Benelux	970.5	994.2	-2.4
Europe excl. Benelux	314.9	185.3	69.9
Total Europe	1,285.4	1,179.5	9.0
America (Mid + South)	92.9	71.7	29.6
Africa	143.9	124.6	15.5
Asia	67.9	78.2	-13.2
Middle East	130.0	100.0	30.0
Oceania	54.3	48.8	11.3
Total consolidated	**1,774.4**	**1,602.6**	**10.7**

Contribution to operating profit	2010	% revenue	2009	% revenue	% change
(in € thousands)					
Construction	10,227	1.4	11,545	1.6	-11.4
Impairment of goodwill Construction	-	-	-2,733	-	-
Real estate development and management services	7,205	n.s.	7,370	n.s.	-2.2
Inventory effect	-121	n.s.	-242	n.s.	n.s.
Subtotal	17,311	2.3	15,940	2.1	8.6
Dredging and environment	86,489	9.6	72,820	10.4	18.8
Multitechnics	6,255	4.2	5,968	4.2	4.8
Impairment of goodwill: multitechnics	-	-	-1,800	-	-
PPP - Concessions	-3,666	n.s.	-1,885	n.s.	-
Holding company	-584	n.s.	-1,448	n.s.	-94.5
Inter-division eliminations and consolidation adjustments	-521	-	-1,000	-	-
Impairment on mixed operation in Tunisia	-6,197	-	-	-	-
Total consolidated	**99,087**	**5.6**	**88,595**	**5.5**	**11.8**

Contribution to net profit attributable to owners of the parent	2010	% revenue	2009	% revenue	% change
(in € thousands)					
Construction	8,772	1.2	6,262	0.8	40.1
Impairment goodwill Construction	-	-	-2,733	-	-
Real estate development and management services	3,529	n.s.	5,222	n.s.	-32.4
Inventory effect	-65	n.s.	-196	n.s.	n.s.
Subtotal	12,236	0.7	8,555	1.1	43.0
Dredging and environment	57,109	6.3	53,800	7.7	6.1
Multitechnics	3,681	2.5	3,163	2.2	16.4
Impairment goodwill: multitechnics	-	-	-1,800	-	-
PPP - Concessions	-3,396	n.s.	-824	n.s.	-
Holding company	385	-	-167	-	-
Inter-division eliminations and consolidation adjustments	-522	-	-1,000	-	-
Impairment on mixed operation in Tunisia	-6,197	n.s.	-	-	-
Total consolidated	**63,296**	**3.6**	**61,728**	**3.9**	**2.5**

Notes to the consolidated financial statements, cash flow and CAPEX tables

Net financial debt (*) at end December was €248 million, against €152.3 million at end 2009. It is made up of long-term debt of €284 million offset by net short-term cash of €36 million.

Cash flow from investment activities for the year amounted to €242.6 million, compared with €174.9 million in 2009. These activities were related primarily to the investment programmes of DEME (€215.1 million) and CFE (€27.5 million). In addition to its CAPEX programmes, CFE acquired the residual stake in Druart and a majority stake in Groep Terryn NV and Brantegem NV during the year.

Working capital requirement rose €10 million due primarily to the real estate activity and the positions taken in two real estate projects in Luxembourg.

(*) Net financial debt does not include the fair value of derivative instruments, which amounted to an expense of €20.9 million.

Equity rose €51.8 million to €475.5 million (€423.8 million at end 2009).

CFE has confirmed long-term credit facilities totalling almost €135 million, of which €85 million remain unused. DEME's acquisition of dredgers and other marine works equipment are financed under separate arrangements backed by these assets.

(in € thousands)	*2010*	*2009*
Cash flow from operating activities	169,097	172,184
Cash flow from investment activities	-242,585	-174,928
Cash flow from financing activities	77,976	-27,024
Net increase/(decrease) in cash	4,488	-29,768
Equity attributable to owners of the parent on opening	413,343	357,701
Equity attributable to owners of the parent on closing	466,061	413,343
Net result for the year	63,296	61,728
ROE	**15.3%**	**17.3%**

2. Parent company financial statements

CFE SA's revenue increased 9.8% to €374.6 million, driven primarily by civil engineering activity at MBG.

The Company generated an operating loss of €3.7 million, representing a slight improvement over the previous year, due to recognition of further provisions on cash in bank accounts and reductions in equity holdings.

Financial income fell due to the decrease in dividends paid by subsidiaries. Debt-servicing costs remained under control.

CFE SA also booked an exceptional expense of €5 million corresponding to a write-down in the value of the holding in the Bizerte Cap 3000 project as a result of the situation in Tunisia.

Net profit after tax rose 17% to €19.7 million.

Profit and loss account CFE SA (Belgian accounting standards):

(in € thousands)	*2010*	*2009*
Sales and other income	**434,947**	**394,464**
Revenue	374,627	341,131
Operating profit/(loss)	-3,710	-12,795
Financial result	28,547	33,664
Profit from ordinary activities	24,837	20,869
Exceptional income	-	-
Exceptional expenses	-5,007	-3,969
Profit/(loss) before tax	19,830	16,900
Income tax	-138	-62
Profit/(loss) for the year	**19,692**	**16,838**

3. Capital remuneration

The Board of Directors of CFE SA will propose to the Annual General Meeting on May 5, 2011 the distribution of a gross dividend of €1.2 per share, representing a net dividend of €0.9375 and corresponding to a total distribution of €16,365,325. After distribution, retained earnings will amount to €29,057,821.

B. Corporate governance declaration

1. Corporate governance

The Company has adopted the Belgian Company Code (2009) as its reference code.

CFE's corporate governance charter, established on the basis of the reference code, may be consulted on the Company's website www.cfe.be.

In its corporate governance charter, CFE applies the principles of the Belgian Company Code (2009).

Furthermore, CFE construes corporate governance as going beyond compliance with the code in the belief that it is essential to base the conduct of its activities on behavioural and decision-making ethics and a strongly grounded culture of corporate governance.

2. Composition of the Board of Directors

On December 31, 2010, CFE's Board of Directors consisted of 10 members, whose terms of office began on the dates listed below and will expire immediately after the Annual General Meetings of the years listed below:

	Start of term	*Expiry of term*
C.G.O. SA, represented by Philippe Delaunois **	06.05.2010	2014
Renaud Bentégeat *	18.09.2003	2013
Philippe Delusinne	07.05.2009	2013
Richard Francioli	13.09.2006	2013
Bernard Huvelin	23.06.2005	2014
Christian Labeyrie	06.03.2002	2013
Jean Rossi	06.05.2010	2014
Consuco SA, represented by Alfred Bouckaert	06.05.2010	2014
BVBA Ciska Servais, represented by Ciska Servais	03.05.2007	2011
Jan Steyaert	07.05.2009	2013

* Managing director responsible for day-to-day operation
** Philippe Delaunois has been a member of CFE's Board of Directors in a personal capacity since May 5, 1994

The term of office of Board directors is four years for those appointed or whose mandates were renewed after January 1, 2005.

2.1 Mandates and duties of Board members

Board directors

The table below summarises the mandates and duties of the 10 Board members as of December 31, 2010.

C.G.O. SA, represented by Philippe Delaunois

CFE
Avenue Herrmann-Debroux, 40-42
B-1160 Brussels

Chairman of the Board of Directors
Director

Born in 1941, Philippe Delaunois graduated as a civil engineer-steel from the Mons Polytechnic University and as a commercial engineer from the Mons State University. He is also a graduate of Harvard Business School.
He spent most of his career in the steel industry, and until 1999, was managing director and general manager of Cockerill-Sambre.
An Officer of the Order of Léopold and Chevalier of the Légion d'Honneur, he was chosen Manager of the Year in 1989, was chairman of the Union Wallonne des Entreprises (Walloon Business Association) from 1990 to 1993, and has been honorary consul of Austria for Hainaut and Namur since 1990.

Directorships:

a- listed companies:
Director of Mobistar SA

b- non-listed companies:
Chairman of the Board of Directors of Vers l'Avenir
Director of ING Belgium SA
Vice-President of CORELIO SA
Director of Intégrale
Director of Ahlers International SA (Luxembourg)
Director of GDF Suez Energie Services SA (France)

c- associations:
Director of Europalia ASBL
Director of the ASBL Ordre de Léopold
Director of the Chapelle Musicale Reine Elisabeth

Renaud Bentégeat

CFE
Avenue Herrmann-Debroux, 40-42
B-1160 Brussels

Managing director

Born in 1953, Renaud Bentégeat holds a bachelor's degree in public law, a master's (DEA) in public law, a master's (DEA) in political analysis and a diploma from the Political Studies Institute of Bordeaux.
He began his career in 1978 at Campenon Bernard. He was then successively named head of legal services, director of communication, administrative director and secretary general responsible for legal services, communication, administration and human resources for Compagnie Générale de Bâtiment et de Construction (CBC). From 1998 to 2000, he was regional director of building construction for Campenon Bernard SGE's Greater Paris region, before being promoted to deputy general manager of VINCI Construction in Central Europe, and managing director of Buildings et Ponts Construction and Bâtipont Immobilier in Belgium. Since 2003, he has been the managing director of CFE. He is also a member of VINCI's Management and Coordination Committee.
Renaud Bentégeat is an Officer of the Order of Léopold and Chevalier of the Ordre National du Mérite (France).

Directorships:

a- listed companies:
Managing director of CFE SA

b- non-listed companies:
Director of various companies within the CFE group
Chairman and CEO of Compagnie Générale de Bâtiment et de Construction (CBC)
Chairman and CEO of Ufimmo

c- associations:
President of the Chambre Française de Commerce et d'Industrie de Belgique (French Chamber of Commerce and Industry of Belgium), Vice-President of the Association des Entrepreneurs Belges de Grands Travaux (ADEB-VBA) (Association of Belgian Construction Contractors) and Foreign Trade Adviser for France

Philippe Delusinne

RTL Belgium
Avenue Jacques Georgin, 2
B-1030 Brussels

Member of the Audit Committee

Independent director

Philippe Delusinne was born in 1957 and is the holder of a diploma in marketing and distribution from ISEC in Brussels and a Short MBA from the Sterling Institute of Harvard University.
He started his career at Ted Bates as an account executive. He subsequently held the positions of account manager at Publicis, client services director at Impact FCB, deputy general manager at McCann Erikson and chief executive officer of Young & Rubicam in 1993. He has been chief executive officer of RTL Belgium since March 2002.

Directorships :

a- listed companies :
Member of the Supervisory Board of Métropole Télévision (M6), Paris

b- non-listed companies :
Managing director of RTL Belgium SA
Managing director of Radio H SA
Managing director of CLT-UFA Belgian Broadcasting
Chairman of IP Plurimedia SA
Managing director of Cobelfra SA
Managing director of New Contact SA
Director of INADI SA
Director of CLT-UFA SA
Director of BEWEB SA
Director of Home Shopping Service Belgium
Director of FRONT SA

c- associations :
Vice-President of the Belgian Management & Marketing Association
Member of the High Council for the Audiovisual Sector
Director of the Théâtre Royal de La Monnaie
Chairman of the Association of Commercial Television in Europe (A.C.T.)
Director of the Association for Self-Regulation of Journalistic Ethics (ASBL)

Richard Francioli — **Director**

VINCI Construction
1, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex

Member of the Remuneration and Nomination Committee

Richard Francioli was born in Dole (France) in 1959.
After graduating from the Ecole Supérieure de Commerce d'Angers, he started his career with the VINCI group in 1983 with a traineeship as a corporate volunteer (VSNE) on the Ain Shams hospital project in Cairo. He subsequently held the following positions within the group: regional manager for the North for Sogea Construction, provincial manager for Sogea Construction and chairman of VINCI Construction Filiales Internationales.
He was appointed chairman of VINCI Construction in March 2006 and, as from January 1, 2010, he heads VINCI's Contracting business.

Directorships:

a- listed companies:
Member of the Executive Committee and Executive Vice-President of VINCI
Representative of VINCI Construction Participations on the Board of Directors of Entrepose Contracting (France)

b- non-listed companies:
Executive Vice-President contracting of VINCI
Member of the Supervisory Board of VINCI Deutschland GmbH (Germany)
Director of VINCI Plc (England)
Representative of VINCI Construction on the Board of Directors of Doris Engineering (France)
Representative of VINCI Construction on the Board of Directors of Cofiroute (France)
Director of Soletanche Freyssinet SA (France)

Bernard Huvelin — **Director**

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil-Malmaison Cedex

Born in 1937, Bernard Huvelin is an HEC graduate. He joined SGE (which later became VINCI) in 1962. He became secretary general in 1974, deputy general manager from 1982 to 1988, member of the Management Board from 1988 to 1990, deputy general manager from 1991 to 1997, chief executive officer from 1997 to 1999, and director and chief executive officer from 1999 to 2005.
Bernard Huvelin is an Officer of the Légion d'Honneur and Chevalier of the Ordre National du Mérite.

Directorships:

b- non-listed companies:
Director of VINCI Park
Director of VINCI Concessions
Director of Soficot
Director of the Stade de France consortium

c- associations:
Vice-President of the European Construction Industry Federation
Adviser to the European Economic and Social Committee

Christian Labeyrie — **Director**

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil-Malmaison Cedex

Member of the Audit Committee

Born in 1956, Christian Labeyrie is executive vice-president and chief financial officer of the VINCI group, and a member of its Executive Committee. Before joining VINCI in 1990, he held various positions in the Rhône-Poulenc and Schlumberger groups. He started his career in the banking industry.
Christian Labeyrie is a graduate of HEC, the Escuela Superior de Administración de Empresas (Barcelona) and McGill University (Canada), and holds a DECS diploma (advanced accounting degree).
He is a Chevalier of the Légion d'Honneur and a Chevalier of the Ordre National du Mérite.

Directorships:

a- listed companies:
Member of the Executive Committee of the VINCI group,
Chief Financial Officer of VINCI and Executive Vice-president of VINCI

b- non-listed companies:
Director of Eurovia
Director of VINCI Park
Director of VINCI Deutschland
Director of ASF
Director of Escota
Director of Arcour
Director of the Stade de France consortium
Chairman and director of VFI
Director of the company LCL Actions Euro, part of Crédit Agricole Asset Management
Board Member of the Banque de France – Hauts-de-Seine branch

Jean Rossi — **Director**

VINCI Construction
5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex

Born on 6 November, 1949, Jean Rossi has an engineering degree from the Ecole Spéciale des Travaux Publics de Paris (ESTP).
He started his career as a works engineer at Pradeau et Morin. He moved to become operations director and then managing director of SNEG. After that, he held several positions at SOGEA, a VINCI group subsidiary, including director of building and civil engineering, regional director, director in charge of Northern France, director

in charge of France excluding the Paris region, and chief operating officer, before becoming the company's chairman in 2001. Jean Rossi has been chairman of VINCI Construction France since January 1, 2007 and became Chief Operating Officer of VINCI Construction in june 2007. In 2008, he became a member of VINCI's Executive Committee and was appointed President of VINCI Construction in 2010.

Directorships

a- listed companies:
Member of the Executive Committee of VINCI

b- non-listed companies:
President of VINCI Construction
Chairman of GTM Génie Civil et Services
Chairman of Société Générale de Travaux
Non-partner Manager of ADIM
Representative of VINCI Construction on the Board of Directors of Dumez Monaco
Representative of VINCI Construction on the Board of Directors of SGTM

c- associations :
Chairman of EGF-BTP

SA Consuco, represented by Alfred Bouckaert

Avenue de Foestraets, 33A
B-1180 Brussels

Member of the Nomination and Remuneration Committee

Independent director

Born in 1946, Alfred Bouckaert has a degree in economics from KUL (the Catholic University of Louvain).
He started his career in 1968 as a stockbroker at JM Finn & Co in London. In 1972, he joined Chase Manhattan Bank where he held various commercial and credit posts before becoming commercial banking manager for Belgium. He was appointed general manager for Chase in Copenhagen (Denmark) in 1984. Two years later, be became general manager and country manager for Chase in Belgium. In 1989, Chase Manhattan Bank sold its Belgian business to Crédit Lyonnais and Alfred Bouckaert was made responsible for merging the two banks' operating activities in Belgium. In 1994, Crédit Lyonnais asked Alfred Bouckaert to head the bank's European operations.
In 1999, he took over the management of AXA Royale Belge and was also appointed country manager for the Benelux countries. He became general manager for Northern Europe (Belgium, Netherlands, Luxembourg, Germany and Switzerland) in 2005 and was appointed to AXA's Management Board in October 2006 with responsibility for Northern, Central and Eastern Europe business. In April 2007, he was appointed chairman of the Board of Directors of AXA Belgium, retaining this position until 27 April 2010.

Directorships:

a- listed companies:
Director of Mitiska SA
Director of Leasinvest Real Estate

b- non-listed companies:
Director of Vandemoortele SA
Director of AXA Italy
Director of AXA Greece

c- associations
Director of the Institut de Duve (ICP)

BVBA Ciska Servais, represented by Ciska Servais

Boerenlegerstraat 204
B-2650 Edegem

Chair of the Nomination and Remuneration Committee

Independent director

Ciska Servais is a partner in legal firm Astrea. She is active in the field of administrative law, focusing in particular on environmental and town planning law, real estate law and construction law. She has extensive experience as a consultant in judicial procedures and negotiations; she teaches university courses and is a regular speaker at seminars.
She graduated with a bachelor's degree in law from the University of Antwerp (1989), and a complementary master's (LL.M) in international legal cooperation at the Free University Brussels (V.U.B.) in 1990. She also graduated with a special diploma in ecology from the University of Antwerp (1991).
She started her traineeship in 1990 at the legal firm Van Passel & Greeve. She became a partner in Van Passel & Vennoten in 1994 and, subsequently, in Lawfort in 2004. In 2006, she co-founded the legal firm Astrea.
Ciska Servais publishes mainly on the subject of environmental law, including on the wastewater treatment decree, environmental liability and regulations regarding the movement of soil.
She is a member of the Antwerp Bar.

Directorships:

b- non-listed companies:
Nautinvest Vlaanderen NV
Astrea bv cvba

Jan Steyaert

Mobistar
Boulevard Reyers, 70
B-1030 Brussels

Chair of the Audit Committee

Independent director

Born in 1945, Jan Steyaert has been active for the greater part of his career in the telecom sector. He started his career as a company auditor. In 1970, he joined Telindus (a company listed on the stock market) where he successively held the positions of chief financial officer, chief executive officer and chairman of the Management Board of the Telindus Group and its affiliated companies until 2006.
He has been a member of the Board of Directors of Mobistar since its creation in 1995 and has been its chairman since 2003.
He is an Officer of the Order of Léopold II and has been appointed a Chevalier in the Order of the Crown.

Directorships :

a- listed companies :
Chairman of Mobistar NV

b- non-listed companies :
Director of Credoc SA
Director of Portolani SA
Director of Automation SA

c- associations :
Director of Anima Eterna VZW
Director of VVW VZW
Chairman of the Dhondt-Dhaenens Foundation and Museum in Deurle

Renewal of the term of office of the following member of the Board of Directors is proposed to the Annual General Meeting

The term of office as a Board director of BVBA Ciska Servais, represented by Ciska Servais, will expire at the close of the Annual General Meeting of May 5, 2011. At that Annual General Meeting, it will be proposed to renew the term of office as a Board director of BVBA Ciska Servais, represented by Ciska Servais, for a period of four years, expiring at the close of the Annual General Meeting of 2015.
BVBA Ciska Servais, represented by Ciska Servais, meets the independence criteria defined in Article 526 ter of the Belgian Company Code and the Corporate Governance Code.

2.2 Evaluation of the independence of Board directors

Of the 10 members of the Board of Directors on December 31, 2010, six may not be considered as independent under the terms of Article 526 ter of the Belgian Company Code and the Corporate Governance Code:

- Renaud Bentégeat, who is the managing director of the Company;
- Christian Labeyrie, Richard Francioli, Bernard Huvelin and Jean Rossi, who represent the controlling shareholder, VINCI Construction;
- C.G.O. SA, represented by Philippe Delaunois, who has held more than two consecutive mandates.

According to rulings made at the Annual General Meetings of May 3, 2007, May 7, 2009 and May 6, 2010, the independent directors are Philippe Delusinne, BVBA Ciska Servais, represented by Ciska Servais, Jan Steyaert and Consuco SA, represented by Alfred Bouckaert.

It should be noted that all CFE's independent directors were able to carry out their mission with complete independence in 2010.

2.3 Legal situation of Board directors

None of the Board directors of CFE (i) has been found guilty of fraud or any other infraction or public sanction by the regulatory authorities, (ii) has been associated with a bankruptcy, receivership or liquidation or (iii) has been prevented by a Court from acting as a member of an administration, management or supervisory board of a public company or from participating in the management or business decisions of a public company.

2.4 Conflict of interest

To the best of CFE's knowledge, the Board directors do not have any private interest, including family interests, that could place them in a conflict of interest with the Company.

Some Board directors are active in other companies whose activities are, at times, in competition with CFE. Four of CFE's Board directors were named at the proposal of the VINCI group, which is CFE's controlling shareholder.

CFE ensures that the procedures provided for in Article 523 of the Company Code concerning conflicts of interest within the Board of Directors and in Article 524 of the Company Code concerning «intra-group» transactions are respected.

3. Operation of the Board of Directors and its committees

3.1 The Board of Directors

Role and jurisdiction of the Board of Directors

Role of the Board of Directors

The mission of the Board of Directors is carried out in the interest of the Company.

The Board of Directors determines the orientations and values, the strategy and the key policies of the Company; it examines and approves related significant operations; it ensures that they are well executed and defines any measures needed to carry out its policies. It decides on the level of risk it agrees to take.

The Board of Directors focuses on the long-term success of the Company by providing entrepreneurial leadership and by conducting risk evaluation and management.

The Board of Directors ensures that the financial and human resources needed by the Company to achieve its objectives are available, and it puts in place the structures and means required to achieve these objectives. The Board of Directors pays special attention to social responsibility, a good gender balance and diversity in general within the Company.
The Board of Directors approves the budget and examines and closes the accounts.

The Board of Directors:
- verifies that management has put in place a global internal control and risk management system and that this system is correctly implemented;
- takes all measures needed to ensure the integrity of the financial statements;
- supervises the activities of the Statutory Auditor;
- reviews the performance of the managing director and senior management;
- ensures that the specialised committees of the Board of Directors function well and efficiently.

Jurisdiction of the Board of Directors

(i) General powers of the Board of Directors

With the exception of powers expressly reserved for the Annual General Meeting and within the limits of the Company's objectives, the Board of Directors has the power to carry out all actions that are needed or useful to meet the Company's objectives.

The Board of Directors reports on the exercise of its responsibilities and management to the Annual General Meeting. It prepares the proposed resolutions to be considered by the Annual General Meeting.

(ii) Powers of the Board of Directors with regard to capital increases (authorised capital)

Following the authorisation given by the Annual General Meeting, the Board of Directors is authorised to increase the Company's capital – in one or more operations – within a maximum amount of €2,500,000, excluding issue premiums, by means of cash or non-cash contributions, by incorporation of reserves and with or without the issue of new shares. In the framework of authorised capital, the Board of Directors decides on the issue of shares, determines the terms of issue of the new shares and, in particular, the issue price.

The authorised capital of CFE allows issue of 1,531,260 additional shares in the event of a capital increase with issue of shares on the basis of their par value.

This authorisation expires on May 21, 2015, but can be renewed one or more times, in accordance with the relevant legal provisions.

(iii) Powers of the Board of Directors with regard to acquisition of treasury shares

The Annual General Meeting of May 7, 2009 authorised CFE's Board of Directors to acquire a maximum of 1,309,226 CFE treasury shares. The acquisition can be made at a price equal to the average of the closing price of the last 20 days of trading of CFE shares on Euronext Brussels immediately preceding the acquisition, plus a maximum of ten per cent (10%) or minus a maximum of fifteen per cent (15%).

This authorisation expires on May 25, 2014, but can be renewed one or more times, in accordance with the relevant legal provisions.

The agreement of the Annual General Meeting is not required for the acquisition of treasury shares by CFE with a view to distributing them to employees.

By virtue of an express statutory provision, treasury shares held by CFE that are quoted on the primary market of a stock exchange or officially listed on a stock exchange located in a member state of the European Union may be transferred without the prior authorisation of the Annual General Meeting.

(iv) Powers of the Board of Directors with regard to the issue of bonds

Subject to the application of the relevant legal provisions, the Board of Directors may decide on the creation and issue of bonds, which may be bonds convertible into shares.

Operation of the Board of Directors

The Board of Directors is organised so as to ensure that decisions are taken in the interest of the Company and that its work is executed efficiently.

Meetings of the Board of Directors

The Board of Directors meets regularly and with sufficient frequency to perform its obligations effectively. It also meets whenever required in the interest of the Company. The Board has increased the number and duration of its meetings, some of which include visits to ongoing projects.

In 2010, the Board of Directors ruled on all major issues concerning the Company. It met six times.

In particular, the Board of Directors performed the following tasks:

- approved the financial statements for the year 2009 and the interim financial statements for 2010;
- examined the 2010 budget and its updates;
- examined the strategy of CFE for the 2011-2013 period;
- examined the financial position of the Company and changes in its debt;
- discussed major acquisition projects;
- decided on acquisition of a stake in the capital of Groep Terryn NV and Brantegem NV;
- decided, on the basis of proposals made by the Remuneration and Nomination Committee, on the terms of remuneration and bonuses for the managing director and senior management;
- decided on the fees to be paid to Audit Committee and Remuneration and Nomination Committee members.

The table below indicates the individual attendance rate of directors at Board meetings in 2010.

Board directors	Attendance/Total number of meetings
Philippe Delaunois	1/1
C.G.O. SA, represented by Philippe Delaunois	5/5
Renaud Bentégeat	6/6
Philippe Delusinne	6/6
Richard Francioli	6/6
Bernard Huvelin	4/6
Christian Labeyrie	6/6
Jean Rossi	5/5
Consuco SA, represented by Alfred Bouckaert	4/5
BVBA Ciska Servais, represented by Ciska Servais	6/6
Jan Steyaert	6/6

The decision-making process within the Board of Directors

Except in the case of force majeure resulting from wars, uprisings or other public disturbances, the Board of Directors can only validly deliberate if at least half of the members are present or represented.
Board members who are unable to attend a meeting may be represented by another Board member. In accordance with legal and regulatory provisions, each member can have only one proxy vote.
Letters, telegrams, telexes, faxes or e-mail messages conveying the proxy vote are attached to the minutes of the Board meeting at which they are used.

If so decided by the chairman of the Board, meetings may be attended by all or some of the members via audio or video conference. These members are deemed to be present for the purpose of calculating quorum and majority. The company secretary takes the necessary steps to organise any such audio or video conference.

Resolutions are passed by majority vote of the members present or represented.
In the event that members need to abstain from taking part in deliberations as a result of legal considerations, the said resolutions will be passed by majority vote of the other members present or represented.
In the event of a tie, the chairman of the Board of Directors will cast the deciding vote.

After each meeting, the deliberations are recorded in minutes signed by the chairman of the Board of Directors and by a majority of the Board members who took part in the deliberations.

The minutes summarise the discussions, specify the decisions taken and, if applicable, any reservations raised by the board members.
They are recorded in a special register kept at the Company's head office.

The main characteristics of the evaluation process of the Board of Directors are stipulated in the internal regulations published in the Company's Corporate Governance Charter.

3.2 The Remuneration and Nomination Committee

At December 31, 2010, this committee comprised:

- BVBA Ciska Servais, represented by Ciska Servais, chair (*)
- Richard Francioli
- Consuco SA, represented by Alfred Bouckaert (*)

(*) independent directors

The committee met three times in 2010.

Over the course of the financial year, the committee examined, notably:

– the remuneration and incentives paid to the managing director;
– the fixed and variable remuneration paid to senior management;
– the proposed appointment as Board directors of Jean Rossi and Consuco SA, represented by Alfred Bouckaert;
– the terms and conditions of the Company's different insurance policies;
– the appointment of Bernard Cols as managing director of the multitechnics division;
– the appointment of Christophe Van Ophem as director of CFE Brabant, effective February 1, 2011.

The committee also familiarised itself with the new obligations regarding remuneration as a result of the provisions of the Law of April 21, 2010 on corporate governance.

The table below indicates the individual attendance rate of the members of the Remuneration and Nomination Committee at meetings in 2010.

Members	Attendance/Total number of meetings
BVBA Ciska Servais, represented by Ciska Servais, chair	3/3
Richard Francioli	3/3
Consuco SA, represented by Alfred Bouckaert	1/1
Philippe Delaunois	1/1
C.G.O. SA, represented by Philippe Delaunois	1/1

Members of the Remuneration and Nomination Committee are paid €1,000 per session; the chair is paid €2,000 per session.

The main characteristics of the evaluation process of the Remuneration and Nomination Committee are stipulated in the internal regulations published in the Company's corporate governance charter.

3.3 The Audit Committee

At December 31, 2010, this committee comprised:

– Jan Steyaert, chair,
– Philippe Delusinne
– Christian Labeyrie

CFE's Board of Directors pays particular attention to ensuring that Audit Committee members have financial, accounting and risk management skills.

Mr Jan Steyaert chairs the Audit Committee. He meets the independence criteria defined in Article 526 ter of the Belgian Company Code.

Jan Steyaert has a degree in economics and finance. He has held various posts, including working for an auditing firm and for Telindus, a listed company, where he was initially CFO, then CEO and then chairman of the Board of Directors. The foregoing bears out Mr. Steyaert's competence in terms of accounting and auditing.

The Statutory Auditor participates in the work of the Audit Committee when the committee so requests.

This committee met five times during the financial year.

It performed the following tasks:

– examined the financial statements for the year 2009 and the interim financial statements for 2010;
– examined the draft 2011 budget before it was presented to the Board;
– assessed the tasks of the Statutory Auditor and, together with him, redefined the content of these tasks, taking into account known changes arising during the financial year;
– undertook a review of the principal risks;
– read the findings of the audits carried out relative to IT security and continuity of operations in the event of a major incident.

The Audit Committee paid particular attention to the Company's internal control and monitored the procedures initiated by CFE to improve this control.

At the end of 2010, CFE decided to modernise its management systems and chose to put in place an integrated system covering procurement, accounting, budget management and cash management. The specifications were defined in detail. The Audit Committee monitored this process throughout the financial year and met the project's steering committee and the team responsible for the analyses leading to definition of the final specifications approved at the end of 2010.

The table below indicates the individual attendance rate of the members of the Audit Committee at meetings in 2010.

Members	Attendance/Total number of meetings
Jean Steyaert	5/5
Philippe Delusinne	5/5
Christian Labeyrie	4/5

Members of the Audit Committee are paid €1,000 per session; the chair is paid €2,000 per session.

The main characteristics of the evaluation process of the Audit Committee are stipulated in the internal regulations published in the Company's Corporate Governance Charter.

4. Shareholder base

4.1 Equity and shareholder base

At the close of the financial year, CFE's share capital amounted to €21,374,971, represented by 13,092,260 shares, with no declared par value. The Company's shares are registered or dematerialised securities.

The shares are registered until fully paid up. Once fully paid up, they may be converted into dematerialised securities, at the choice and expense of the shareholder.

The registry of registered shares is held in electronic form. Management of the registry has been entrusted to Euroclear Belgium (CIK S.A).

Registered shares may be converted into dematerialised shares and vice-versa on request by their holder and at their expense. However, conversion of shares is suspended from the moment the shares are deposited in advance of an Annual General Meeting until the conclusion of that meeting. Dematerialised shares are converted into registered shares by making the corresponding entry in the register of CFE shareholders. Registered shares are converted into dematerialised shares by entry into an account in the name of their owner or holder opened with an approved account-holder or a body responsible for cancellation and removal of the entry in the register of shareholders.

Bearer shares in the Company already registered in a securities account as of January 1, 2008 automatically exist in dematerialised form as of this date.

Bearer shares not registered in a securities account as of January 1, 2008 are converted into dematerialised securities at the time of their registration in a securities account or later, as the case may be.

Bearer shares that are not registered in a securities account as of December 31, 2013, will be automatically converted into dematerialised securities on that date.

CFE's shareholder base as of December 31, 2010 is shown below:

Number of shares without declaration of par value	13,092,260
- registered shares	6,185,480
- dematerialised shares	6,856,700
- bearer shares	50,080

Shareholders owning 3% or more of the voting rights attached to the shares they hold:

VINCI Construction SAS
5, cours Ferdinand-de-Lessepts
F-92851 Rueil-Malmaison Cedex (France) 46.84%, or 6,132,880 shares

4.2 Shares including special rights of control

At the close of the financial year, no shareholder owned shares with special rights of control.

4.3 Voting rights

Ownership of a CFE share entitles the owner to vote in CFE's Annual General Meeting and automatically assumes approval of CFE's Articles of Association and the decisions of CFE's Annual General Meeting. Shareholders can only be held liable for the commitments of the Company up to the amount of the shares held.

The Company recognises only one owner per share as concerns the exercise of rights granted to shareholders. The Company may suspend the exercise of the rights attached to shares held in co-ownership, usufruct or under pledge, until a single person is designated as beneficiary of these rights in respect of the Company.

Since January 1, 2008, the exercise of any rights attached to physical bearer shares is suspended until they are registered in a securities account or in the register of shareholders.

5. Internal control

5.A Internal control and risk management

5A.1 Introduction

5A.1.1 Definition – frame of reference

Internal control may be defined as a system developed by the management body and implemented under its responsibility by executive management. It contributes to good management of the company's activities, the effectiveness of its operations and the efficient use of its resources, as a function of the goals, size and complexity of the company's activities.

More particularly, the internal control system aims to ensure:
- the application (execution and optimisation) of the policies and goals set by the management body (e.g. performance, profitability, protection of resources, etc.);
- the reliability of financial and non-financial information (e.g. preparation of the financial statements, the management report, etc. ;
- compliance with laws, regulations and other legal texts (e.g. the Articles of Association, etc.).

(Excerpt from the guidelines in the framework of the Law of April 6, 2010 and the Belgian Code of Corporate Governance (2009) published by the Corporate Governance Commission - version 10/01/2011, page 8).

Like any other control system however, the internal control system, no matter how well designed and applied, cannot guarantee the absolute elimination of such risks.

5A.1.2 Scope of application of internal control

The internal control system applies to CFE and the subsidiaries included in its scope of consolidation. In the specific case of DEME, Rent-A-Port, Groep Terryn, Van De Maele Multi-Techniek and Sogesmaint-CBRE, internal control is the responsibility of their Boards of Directors. However, CFE seeks to encourage the application of its own best practices through its representatives on these boards.

5A.2 Organisation of internal control

5A.2.1 Principles of action and behaviour

CFE's business activities require the teams exercising them to be close to their clients. To enable each profit centre manager to rapidly take the appropriate operating decisions, a decentralised organisation has been set up in the construction, real estate development and management services, multitechnics and PPP–Concessions divisions.

CFE's organisational structure necessitates delegating authority and responsibility to operational and functional players at every level of the organisation. Delegation is exercised in the framework of a general directive and in compliance with CFE's principles of action and operation:

– strict compliance with the rules common to the entire group in terms of entering into commitments, risk taking, acceptance of new business, and reporting of financial, accounting and management information;
– transparency and loyalty of managers to their line management and functional departments;
– compliance with all the laws and regulations applicable in countries where the group operates, regardless of the particular subject;
– communicating the group's rules and guidelines to all employees;
– safety of people (employees, service providers, subcontractors, etc.);
– the search for financial performance.

5A.2.2 Internal control players

The Board of Directors of CFE is a collegial body responsible for controlling management of the Company, setting strategic guidelines for it and ensuring satisfactory operation of the Company. It rules on all major questions pertaining to the group.
The Board of Directors has set up specialised committees for auditing the accounts and for remuneration and nominations.

The Steering Committee, also known as the "Committee of 15" comprises:

- The managing director responsible for day-to-day management of the group;
- The corporate deputy general manager and CFO of the group;
- The deputy general manager of the Construction division;
- The managing director of BPC, who is also responsible for the supervision of Amart;
- The general manager of BAGECI;
- The general manager of CFE Brabant;
- The general manager of CFE Nederland;
- The general manager of MBG;
- The managing director of Aannemingen Van Wellen, also group communication and synergies director;
- The director of CFE International;
- The managing director of CLE and the Luxembourg real-estate subsidiaries;
- The managing director of CFE Immo and managing director of BPI;
- The general manager of the multitechnics division;
- The group human resources director;
- The group sustainable development director.

The Steering Committee is responsible for implementing group strategy, application of policies related to management of the group and the general directive mentioned above.

The holding company has a limited structure appropriate to the group's decentralised organisation.
The functional departments of the holding company are tasked with establishing and ensuring correct application of group rules and procedures and decisions made by the managing director. On the financial level, cash management is centralised at the level of the holding company. As concerns the subsidiaries, the express approval of the holding company's finance department is required before entering into relations with a banking organisation. The holding company also directly manages specific project financing.

CFE does not have an audit department.

5A.3 Identification of risk and risk management system

As of 2006, CFE set up a system for identifying the main risks to which it is exposed. The identification of risks is regularly updated. The risks are described in point 5B. The identification process reveals that the main risks are at operational level. This is because the main characteristic of the sector lies in the commitment made on submission of a proposal to build a structure that is by its nature unique, for a price with predetermined terms and within an agreed time schedule.

5A.4 Main internal control procedures

The procedures covered by this section are common to the whole group in accordance with the preceding definition of scope.

5A.4.1 Compliance with laws and regulations

The applicable laws and regulations set behavioural standards and are an integral part of the control process.
The legal department of the holding company monitors developments in the legal field in order to identify the different rules applicable to the group and passes this information on to the members of the Steering Committee and employees concerned.

5A.4.2 Application of the general directive

The general directive issued by CFE's managing director to Executive Committee members defines the operations requiring prior information or approval by CFE's senior management or functional departments.

The directive covers the following areas:

- risks taken in contracts;
- the acquisition or sale of real estate assets;
- the acquisition or sale of other tangible assets;
- the acquisition of companies;
- human resources;
- administrative and legal management;
- banking relations and financial undertakings;
- financial information;
- internal and external communication;
- ethical behaviour;
- social and civic engagement responsibility.

These operating rules must be respected by all CFE senior managers.
This general directive is transmitted by each senior manager to subsidiary and branch office managers. Additional directives covering more restrictive rules may be formulated by CFE senior managers for their sphere of jurisdiction and addressed to employees with the requisite authority at the head of a profit centre. However, additional directives may not, under any circumstances, constitute an exception to CFE's operating rules.

5A.4.3 Procedures relating to commitments – risk committees

Given the specific nature of the business activities, strict upstream control procedures are applied.

CFE's **risk committee** reviews:

- the terms and conditions of submission of works proposals which, by virtue of their size, implementation of new technology, the specific financial engineering features, inclusion of specific social obligations or their location, carry a specific risk, whether technical, legal, financial, social or other. The general directive sets thresholds for automatic examination prior to submission of such proposals;
- all public-private partnership and concession operations.

The risk committee comprises the following members:

- the managing director of CFE;
- the director and member of the Steering Committee responsible for the subsidiary or the branch;
- the operational or functional representatives of the company;
- and, depending on the specific nature of the risk, the finance and administration director, the human resources director, and the deputy general manager of the construction division, who are members of the Steering Committee.

The real estate committee

No acquisition of land or any commitment to acquire or develop real estate can be carried out without the prior approval of the real estate committee.

This committee comprises:

- the managing director of CFE;
- the finance and administration director, member of the Steering Committee;
- the director and member of the Steering Committee concerned by the operation;
- the operational representatives of the project concerned;
- the general secretary of the real estate division;
- the finance and administration manager of the real estate division.

Furthermore, any real estate investment for an amount exceeding €5 million must receive the prior approval of CFE's Board of Directors.

With regard **acquisition projects,** any acquisition of a majority or minority stake falls within the responsibility of the managing director after authorisation of the Board of Directors.

5A.4.4 Procedures relating to monitoring of operations

The divisions have their own operations control systems adapted to the specific features of their activity.

A dashboard report of sales, order intake, the order book and net financial debt is drawn up every month by the finance department on the basis of information forwarded by the various operational entities.

The managers of the various entities prepare a monthly report on key facts.

The budgetary procedure is common to all the group's divisions and their subsidiaries.
It includes four annual meetings:

- the initial budget presented in November of year Y-1;
- the first budget update presented in April of year Y;
- the second budget update presented in July/August of year Y;
- the third update presented in November of year Y.

These meetings, which are attended by the managing director, the finance and administration director, the consolidation director, the director of the subsidiary or branch concerned and its finance director, review:

- the volume of business for the financial year in progress, the status of the order book;
- the forecast profit margin of the profit centre, with details of profit margins per project (or by department for the multitechnics division);
- analysis of current risks including, notably, an exhaustive presentation of legal disputes whether as plaintiff or defendant;
- the status of guarantees given;
- investment or disinvestment requirements;
- cash flow and forecast over 12 months.

5A.4.5 Procedures relating to the production and processing of accounting information

The consolidation department, which reports to the group's finance department, is responsible for producing and analysing CFE's financial and accounting information for dissemination both inside and outside the group and for ensuring its reliability.

In particular, it is responsible for the:

- production, validation and analysis of the interim and annual consolidated financial statements and provisional data (consolidation of budgets and budget updates);
- definition and monitoring of accounting procedures in the group and application of IFRS standards.

The consolidation department sets the closing timetable for preparation of the interim and annual financial statements. These instructions are forwarded to the finance departments of the different entities concerned and accompanied by information or training sessions.

The consolidation department is responsible for the accounting treatment of complex operations and ensures that they are validated by the Statutory Auditor.

At the end of each accounting period, the finance managers of the principal entities present the accounts of the subsidiary or the branch to the group's finance and administration director and the consolidation director.

The consolidation director is a member of the Audit Committee of DEME and Rent-A-Port and attends the meetings held on closing of each accounting period for these entities. The DEME Audit Committee regularly presents a specific subject (analysis of a subsidiary) and carries out an assignment on site.

The Statutory Auditor informs the Audit Committee of any remarks concerning the interim and annual financial statements before they are presented to the Board of Directors.

Before signing its reports, the Statutory Auditor requests representation letters from group management and senior management of the subsidiaries. In these representations, group management and senior management of the various subsidiaries confirm, in particular, that all the elements at their disposal have been submitted to the Statutory Auditor to enable him to carry out his assignment and that the effects of any anomalies observed by him and still unresolved at the date of those representations do not have a material impact on the consolidated and parent company accounts.

5A.5 Actions carried out to strengthen internal control and risk management

During 2010, CFE's managing director and the company directors who are members of the Steering Committee updated the general directive as concerns the rules of internal operation.

A working group was formed to identify particular points of risk on the operating level and propose areas for improvement. The group's findings were handed in at the end of the year.

The manual of internal control procedures, a re-writing of which was initiated in 2009, was presented to the Steering Committee and needs to be supplemented to take account of the comments and suggestions.

At the end of 2009, CFE decided on a radical overhaul of its management tools and chose an integrated management system (ERP). This system integrates the management of progress reports, purchasing, accounting, management control and management of everyday cash flow.

Work carried out in 2010 was devoted to drafting specifications. This work was carried out by a project team comprising operational and functional managers (project managers, buyers, management controllers, accounts and finance managers) from the various divisions and companies. The project team was led by the group's consolidation director.
Tests were launched in January 2011.

Implementation of the integrated management system will have an appreciable effect on the level of internal control, which is why the Audit Committee attached particular importance to it and regularly included the subject on its agenda. As a result, the Audit Committee and project team met several times.

In 2011, the new management system will be tested in three divisions and system authorisations set. The manual of internal control procedures will also be finalised in 2011. This will strengthen the basis of internal control.

5.B Risk factors

5B.1 Risks common to the segments in which the CFE group is active

5B1.1 Operational risks

5B.1.1.1 The act of construction

The main characteristic of the sector lies in the commitment made on submission of a proposal to build a structure (building, infrastructure, quay, etc.) that is by its nature unique, for a price with predetermined terms and within an agreed time schedule.

The risk factors therefore concern:

- establishment of the price of the structure to be built and, in the event of divergence between the anticipated price and the actual price, the possibility (or not) of obtaining coverage for additional costs and price increases;
- design, if this is the contractor's responsibility;
- the actual construction and, in particular, the risks concerning the subsoil and the stability of the structure;
- control of the elements included in the cost price;
- project time schedule and deadlines;
- performance obligations (quality, schedule) and the related direct and indirect consequences;
- warranty obligations (10-year guarantee, maintenance);
- compliance with safety and other corporate law obligations that are, moreover extended to service providers.

To manage these risks, CFE has qualified and experienced staff, the services of an internal design and engineering department and access to external design and stability offices and control agencies.

Price quotes follow strict procedures for proposal review and are submitted, where appropriate, to a risk committee. Projects are subjected to budgetary controls and a quarterly progress review.

5B.1.1.2 Real estate

Overall, real estate activity is directly or indirectly governed by certain macroeconomic factors (interest rates, propensity to invest, savings, etc.), political (development of supra-national institutions, development plans, etc.) that influence the behaviour of players in the market, in terms of both supply and demand.

This activity is also characterised by long operating cycles, which implies the need to anticipate decisions and make long-term commitments.

In addition to general sector risks, each project has its own specific risks:

- choice of land for investment;
- definition of the project and its feasibility;
- obtaining the various permits and authorisations;
- control of construction costs, fees and financing;
- marketing.

CFE and its real estate development subsidiaries have teams specialising in real estate management. They work with well-known architects and design offices and handle project management, while the construction division is responsible for project execution.

CFE has set up investment committees, which review projects before they are submitted to the Board of Directors. Lastly, to reduce its exposure to risk, CFE is seeking to diversify its project portfolio (housing, retirement homes, shopping centres) and limit its exposure to the development of offices, since this segment has been hit harder by the economic crisis.

CFE has set up a general investment committee, which guarantees that a project fits with the group's general financial policy, has a sound financial basis and that it is satisfactorily executed within the framework of compliance with the undertakings made.
As a result, any project selected with a value of over €5 million must be submitted for approval by CFE's Board of Directors.
However, in view of external factors in particular, it is not possible to eliminate all the risks inherent in real estate business completely.

5B.1.1.3 Dredging

Dredging activities are performed by DEME (in which the Group owns a 50% interest) and its subsidiaries. DEME is one of the world's leading players in dredging. Its market includes both maintenance dredging and capital (infrastructure) dredging. The latter is particularly related to growth in world trade and decisions on the part of governments to invest in major infrastructure projects.
DEME is also active in the environmental sector through its 75% owned subsidiary Ecoterres, a company specialising in the treatment of sludge and polluted soils.
Through DMB (DEME Building Materials), DEME is also active in the gravel supply market.

Apart from the fact that dredging is primarily a maritime activity, it is also characterised by its capital-intensive nature due to high levels of investment in the sector. For this reason, DEME is faced with complex investment decisions. In addition to the risks specific to marine work and the execution of projects (see 1.1), dredging is also exposed to specific risks:

- technical design of the investment (type of dredger, capacity, power, etc.) and command of new technologies;
- time between the investment decision and commissioning of the vessel, and anticipation of the future market;
- control over construction by the shipyard once the investment decision has been made (cost, performance, conformity, etc.);
- occupancy of the fleet and scheduling of activities;
- financing.

DEME has created an investment committee to which all substantial investments are presented for approval by its Board of Directors.

Lastly, since DEME works in export markets beyond Europe, it is exposed to political risk.

DEME has qualified staff with the capacity to design dredgers and design and execute large-scale projects. Given the very nature of the activity and the many external factors to be taken into account, the risks inherent in this business cannot be completely eliminated.

5B.1.2 The economic climate

The construction sector is, by its very nature, perceived as being subject to strong cyclical fluctuations. Nevertheless, this observation must be qualified by segment or sub-segment of activity, as the key factors can be different in each. By way of example:

- Civil engineering activities are strongly linked to government investment in large infrastructure programmes. CFE has sharply reduced its exposure to this risk by entering into joint ventures for several major civil engineering projects that are spread over several years, including:
  - works on the rail line between the E19 motorway and Zaventem airport station;
  - expansion of the capacity of the Coentunnel in Amsterdam in the Netherlands;
  - a rail tunnel as part of the first phase of redevelopment of Delft railway station and the existing railway lines (Netherlands);
  - the contract for the Liefkenshoek rail tunnel in the north-west of Antwerp.
- Construction activities for the public sector are linked to national and regional investment programmes.
- Construction activities and real estate development activities related to the office property market evolve in line with the traditional economic cycle, while private housing-related activities react more directly to

general economic conditions, levels of confidence and interest rates.

– Dredging activities are more sensitive to the international economic climate, trends in world trade and government investment policy as concerns major infrastructure and sustainable development works.

5B.1.3 Management and workforce

The construction sector is still hampered by a lack of supervisory staff and skilled workers. Successful completion of projects, whether in terms of studies and project preparation phases, or management and execution of projects, depends both on the skills of employees and their availability on the job market.

5B.2 Market risks (interest rates, exchange rates, insolvency)

5B.2.1 Interest rates

The CFE group is faced with major investments extending over long periods of time. In this context and in terms of the availability of long-term credit, project finance or major capital expenditure (dredgers), CFE (directly) or its subsidiaries (DEME) practice, where necessary, a policy of interest rate hedging. Nevertheless, interest rate risk cannot be entirely eliminated.

The CFE group was not directly hit by the financial crisis. However, the scale and persistence of the financial crisis has had a negative impact on the cost of financing for major PPP-type or real estate projects.

5B.2.2 Exchange rates

CFE and its subsidiaries do not hedge exchange rates for their construction, real estate and multitechnics activities, since they are primarily located in the euro zone. However, given the international nature of its activities and the fact that contracts are entered into in foreign currencies, DEME engages in exchange rate hedging or forward exchange contracts. Nevertheless, exchange rate risk cannot be entirely eliminated.

5B.2.3 Credit

Given the nature of its clients, who are primarily public-sector or equivalent operators or well-known investors, the CFE group does not use credit insurance.

In markets outside Europe, if a country is eligible and the risk can be covered by credit insurance, DEME regularly obtains coverage from organisations specialising in this area (Office National du Ducroire).

To reduce underlying solvency risk, CFE checks on the solvency of its clients when submitting its proposal, regularly monitors accounts receivable and adjusts its positions with them where necessary. Nevertheless, credit risk cannot be entirely eliminated.

5B.2.4 Liquidity

Tighter liquidity and the difficulty of obtaining credit under economically acceptable conditions remain a concern. CFE succeeded in preserving its positions during the year through strict cash management techniques. The subjects of liquidity and cash management in everyday business were addressed in regular information briefings aimed at the group’s top 150 managers. Directors of subsidiaries and branches contribute to cash flow forecasts and ensuring that targets are met.

CFE covered all its Diabolo financing requirements (€40 million) with a confirmed long-term credit facility. Moreover, at the beginning of 2008, CFE finalised a long-term club deal for €100 million enabling it to cover its own investment programmes and its working capital requirement.

5B.3 Raw material risks

CFE is potentially exposed to increases in the prices of certain raw materials used in its works activities. Nevertheless, CFE believes that such increases are not likely to have a significantly negative impact on its results. This is because a substantial portion of the CFE group’s works contracts include price revision formulae that enable prices for projects under construction to vary according to trends in raw material prices. Furthermore, CFE’s works activities are carried out through a large number of contracts, many of them of short or medium duration which, even in the absence of a price revision formula, limits the impact of a rise in raw material prices. In the framework of large-scale projects, CFE has negotiated firm, long-term contracts, in particular for steel. Lastly, and more specifically at DEME, the group hedges against the price of certain supplies (e.g. fuel oil).

5B.4 Dependence on customers/suppliers

Given the group’s activities and its organisational structure, which reflects the local nature of its contracts, CFE considers that, overall, it is not dependent on a small number of clients, suppliers or subcontractors. Furthermore, the operational organisation of the group is characterised by a high degree of decentralisation, which generally translates into greater autonomy of decision-making by local managers within the scope of the powers delegated to them, particularly as regards purchasing.

5B.5 Environmental risks

In view of the type of work it is called on to execute and notably renovation work, CFE may be involved in handling unhealthy or hazardous materials. CFE takes all possible safety and health precautions for its workers and is particularly attentive to this point, although this risk cannot be entirely eliminated. Due to the nature of its work, DEC-Ecoterres is exposed to environmental risks. While all precautions and control measures are taken by the company, these risks cannot be totally eliminated.

5B.6 Legal risks

Given the diversity of its activities and geographical locations, CFE is exposed to a complex regulatory environment as concerns the place of execution of services and the fields of activity involved. In particular, it is subject to rules concerning administrative contracts, public and private works contracts and civil liability, especially builder’s liability, both in Belgium and abroad. The construction sector is also confronted by a wide interpretation of concepts relating to builder’s liability in the fields of the 10-year construction guarantee, liability for minor hidden defects and the emergence of the concept of liability for indirect consequential damage.
The CFE group has been involved in disputes at a scale that can be considered normal for the construction industry. In most cases, CFE attempts to reach out-of-court settlements with the opposing party, which substantially reduces the number of court cases.

5B.7 Risks specific to the CFE group

5B.7.1 Special Purpose Companies

To carry out some of its real estate operations or in public-private partnerships, CFE participates and will continue to participate in special purpose companies which provide real guarantees in support of their credit facilities. The risk, in the event of the failure of this type of company and exercise of the guarantee, is that the proceeds from such exercise are not sufficient to cover in whole or in part the amount of shareholders’ equity or equivalent used as collateral for setting up the credit facility.

At December 31, 2010, collateral amounted to €18.2 million, the limit being set internally at 30% of consolidated shareholders’ equity. Current obligations concerning collateral equity (Liefkenshoek rail tunnel, Coentunnel and the schools in the German-speaking Community) amounted to €27.1 million.

5B.7.2 Stake in DEME

The company owns 50% in DEME, a company controlled jointly with Ackermans & van Haaren, which also owns 50% of DEME's capital.

In 2007, Ackermans & van Haaren and CFE renewed the cooperation agreement consolidating the collaboration between them, the objective being to manage the DEME group as equal partners.

The DEME group benefits from autonomous management powers. The partners are equally represented on its Board of Directors and on the Executive and Audit Committees.

The group is autonomous financially and CFE has never made any advance or financial commitment in favour of this subsidiary.

The profitability of CFE's stake in DEME depends in part on continued good relations between its shareholders.

The holding risk related to this stake is inherent in the joint control structure under which it is held, as indicated above.

6. Remuneration report

6.1 Remuneration of the Board and committee members

6.1.1 Directors' fees

The Extraordinary General Meeting of CFE SA on May 6, 2010 approved remuneration of the Board members by a lump sum fee, recognised in the profit and loss account. The amount was set at €325,000 for the entire Board.

The Board of Directors decides, according to rules that it sets, how this sum will be allocated to its members. One part, amounting to €200,000, was shared equally between the Board members pro rata to their time in office, i.e. €20,000 per director. The other part, amounting to €125,000, was divided according to the attendance rate at meetings of the Board of Directors.

Board directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

The amount of fees paid directly or indirectly to the Board members for carrying out their duties within the group:

(EUR)	Fees CFE SA	Fees Subsidiaries	Other expenses
Philippe Delaunois	9,177		12,814
C.G.O. SA, represented by Philippe Delaunois	24,460		37,000
Renaud Bentégeat	33,636		
Philippe Delusinne	33,636		
Richard Francioli	33,636		
Bernard Huvelin	29,091		
Christian Labeyrie	33,636		
Jean Rossi	24,459		
Consuco SA, represented by Alfred Bouckaert	22,187		
BVBA Ciska Servais, represented by Ciska Servais	33,636		
Jan Steyaert	33,636		
Total	**311,192**	**0**	**49,814**

No agreement with any Board director providing for severance pay amounting to over 12 months' remuneration came into force or has been extended since May 3, 2010 (date on which the Law of April 6, 2010 came into force). Furthermore, no independent director benefits from variable remuneration. Consequently, no agreement with any Board director needs to be submitted for approval by the Annual General Meeting on May 5, 2011.

6.1.2 Remuneration of Audit Committee members

Philippe Delusinne	5,000
Christian Labeyrie	4,000
Jan Steyaert	10,000
Total	**19,000**

6.1.3 Remuneration of Remuneration and Nomination Committee members

C.G.O. SA, represented by Philippe Delaunois	1,000
Philippe Delaunois	1,000
Richard Francioli	3,000
Consuco SA, represented by Alfred Bouckaert	1,000
BVBA Ciska Servais, represented by Ciska Servais	6,000
Total	**12,000**

6.1.4 Remuneration of the managing director

In addition to his fee as a Board member, i.e. €33,636, the managing director received gross annual remuneration of €178,916 in respect of his executive functions within the CFE group, together with a variable component amounting to €250,000 in respect of 2010, payable in 2011. The managing director also benefitted from the use of company housing and a company car, representing €43,135 in 2010. He does not benefit from a pension plan with CFE.

CFE granted the managing director no stock options or other rights to acquire shares in the Company.

Lastly, no agreement with the managing director providing for severance pay has been signed or extended since May 3, 2010. Consequently, no such convention needs to be submitted for approval by the Annual General Meeting on May 5, 2011.

6.2 Remuneration of senior management

6.2.1 CFE management

CFE's corporate structures are suited, on the one hand, to the prerogatives must be met following the creation of a holding company, and, on the other, to the requirements related to its organisation by division.

Each division, representing a portfolio of activities, consists of several subsidiaries and, in some cases, branches, that constitute a profit centre and, in general, represent a specific business in a defined geographical area. Each subsidiary is managed by a Board of Directors and a company director; each branch is managed by a company director. This unique organisation of management of subsidiaries and branches therefore consists of a specific delegation of powers to a group of persons, the company directors, which guarantees active, front-line management and the satisfactory operational organisation of each division.

Since these corporate structures ensure a balanced distribution of powers and the smooth operation of CFE, the Company has decided not to establish a Management Board within the meaning of the law, but has nonetheless anticipated future needs by providing for this possibility in its Articles of Association.

The persons responsible for the actual management of activities are thus the managing director first and then the company directors.

For the 2010 financial year, the company directors were:

Frédéric Claes SA, represented by Frédéric Claes
Artist Valley SA, represented by Jacques Lefèvre
Bernard Cols,
Patrick de Caters,
André de Koning,
Lode Franken,
Michel Guillaume,
Gabriel Marijsse,
Youssef Merdassi,
Jacques Ninanne,
Patrick Van Craen,
Christian Van Hamme,
Parick Verswijvel,
Yves Weyts.

On February 1, 2011, Christophe Van Ophem was appointed director of CFE.

6.2.2 Remuneration policy

The fixed portion of remuneration is based on CFE's salary grid. It reflects the level of responsibility of each of the group's company directors.

The variable portion of remuneration for line directors, i.e. profit centre (subsidiaries and branches) managers, is directly linked to the financial performance of their scope of responsibility (the quantitative factor) and to two qualitative factors, namely, workplace accident prevention performance and compliance with the values of the CFE group.

For functional directors, the variable component of remuneration takes several factors into consideration, namely the group's financial performance, the performance of their department and the achievement of specific targets set for them at the beginning of the year.

Each director's performance is assessed solely on the financial year just ended.

The fixed and variable components of the managing director's remuneration are set by the Remuneration and Nomination Committee.

The fixed and variable components of directors' remuneration are proposed by the managing director to the Remuneration and Nomination Committee at the beginning of each new financial year, after closing the accounts for the previous year. The committee decides on the new fixed and variable remuneration granted. No agreement established with a director providing for severance pay amounting to over 12 months' compensation came into force or has been extended since May 3, 2010 (date on which the Law of April 6, 2010 came into force). Consequently, no agreement with a company director needs to be submitted for approval by the Annual General Meeting on May 5, 2011.

There was no material change in the policy of fixed and variable remuneration in 2010.

6.2.3 Level of remuneration

Remuneration of directors

The company directors listed in point 6.2.1 of this report received:

Fixed remuneration and fees	2,289,621
Variable remuneration	910,777
Payments to insurance schemes (pension plans, health and accident insurance)	576,174
Company vehicle expenses	220,105
Total	**3,996,677**

CFE did not grant any stock options or other rights to acquire shares in the Company to these directors.

7. Evaluation of measures taken by the Company in response to the directive on insider trading and market manipulation

CFE's policy on this matter is specified in its corporate governance charter.

In 2006, a compliance officer (Jacques Ninanne) was appointed and an information programme established aimed at senior management and employees who, through their job, have access to privileged information.

The Company systematically informs this population of closed periods and issues regular reminders of the general directives.

8. Transactions and other contractual relationships between the Company, including related companies, and the Board directors and company directors

The policy on this matter is specified in the corporate governance charter.

There is no service contract binding the Board members with CFE or with any of its subsidiaries.

9. Assistance agreement

CFE entered into a service contract with its reference shareholder, VINCI Construction, on October 24, 2001. The fees payable by CFE for financial year 2011 amount to €1,190,000.

This agreement allows CFE to access VINCI's databases and to benefit from its support in areas as varied as human resources, sustainable development, risk analysis and methods.

10. Corporate controls

The Statutory Auditor is Deloitte Réviseurs d'Entreprises, represented by Pierre-Hugues Bonnefoy.

The Annual General Meeting of May 6, 2010 renewed the appointment of the Statutory Auditor, Deloitte Réviseurs d'Entreprises, represented by Pierre-Hugues Bonnefoy, for a period of three years, ending at the close of the Annual General Meeting of May 2013. The fees paid by CFE SA in 2010 amounted to €138,500.

During the financial year, the Audit Committee agreed that the Statutory Auditor should write a detailed report on operations in 2010 for an amount of €40,000.

Other costs for different missions invoiced by Deloitte Réviseurs d'Entreprises amounted to €22,100.

In addition, during financial year 2010, the costs invoiced by Deloitte Conseillers Fiscaux concerning tax advice amounted to €17,020.

Deloitte audited the accounts of most of the companies within the CFE group. The Statutory Auditor's controls covered 87% of the consolidated balance sheet and 91% of consolidated revenue in 2010.

For the other main groups and subsidiaries, the Statutory Auditor generally obtained the certification reports of those entities' auditors and/or interviewed them, and also performed certain additional checks.

Remuneration of the auditors of the group, including CFE SA (financial year 2010)

in € thousands	Deloitte Amount	%	Other Amount	%
Audit				
Auditing of accounts, certification, examination of individual and consolidated accounts	293.31	81.84%	155.79	51.80%
Other auxiliary missions and other auditing missions	33.39	9.32%	32.18	10.70%
Audit subtotal	**326.70**	**91.16%**	**187.97**	**62.50%**
Other services				
Legal, tax, corporate	18.61	5.19%	109.94	36.56%
Other	13.10	3.65%	2.84	0.94%
Other subtotal	**31.70**	**8.84%**	**112.78**	**37.50%**
Total auditors' fees	**358.40**	**100%**	**300.75**	**100%**

C. Insurance policy

The CFE group systematically takes out a contractor all risk policy for all construction sites, the policy giving sufficient cover for operating and post-construction civil liability. The risk of terrorism is not included in this policy.

Given the upsurge in terrorism, CFE and its real estate subsidiaries may occasionally be obliged to seek cover against this risk for real estate projects provided the insurance market is willing to offer such cover at economically acceptable rates.

D. Special reports

No special report was established during the course of the financial year.

E. Takeover bid

Pursuant to Article 34 of the Belgian Law of 14.11.2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market, the Compagnie d'Entreprises CFE SA notes that:

I. the Board of Directors is empowered to increase the authorised capital by a maximum amount of €2,500,000 (Article 4 of the Articles of Association), it being noted that exercise of this power is limited, in the event of a takeover bid, by Article 607 of the Company Code;
II. the Board of Directors is entitled to acquire up to 10% of CFE's shares (Article 14 bis of the Articles of Association).

F. Acquisitions

In July 2010, CFE SA acquired the residual stake (37.5%) in the capital of Druart SA for €3.07 million.

In June 2010, CFE SA acquired 55% of the share capital of Groep Terryn NV, Belgium's market leader in bonded laminates, located in Moorslede, for €10.86 million.

In December 2010, CFE SA acquired a 65% stake in Brantegem NV, a company located in Alost and active in the air-conditioning market, for €146,340.

G. Creation of branches

On February 24, 2010, CFE's Board of Directors decided to create a branch in Tunisia under the name "CFE Tunisie" and to appoint Patrick Van Craen as its managing director.

H. Post-balance sheet events

There has been no significant change in the financial and commercial situation of the group since December 31, 2010.

I. Research and Development

Financial year 2010 was marked by studies for two major projects, the A15 motorway in the Netherlands and the schools in the German-speaking Community of Belgium. CFE continued its policy of recognising R&D costs directly in expenses.

J. Outlook

Based on the order book, the group expects to generate 2011 revenue comparable to that of 2010, with profit at least equivalent to that of 2010.

K. Audit Committee

The Audit Committee is chaired by Jan Steyaert, who meets the independence criteria defined by Article 526 ter of the Belgian Company Code.
Jan Steyaert has a degree in economics and finance. He has held various professional posts, including working for an auditing firm and for Telindus, a listed company, where he was CFO before becoming CEO and then chairman of the Board of Directors. The foregoing bears out Mr Steyaert's competence in terms of accounting and auditing.

L. Notice of the Annual General Meeting of May 5, 2011

The Board of Directors invites shareholders to attend the Annual General Meeting that will be held at the Company's head office at 40-42 avenue Herrmann Debroux, 1160 Brussels, on Thursday May 5, 2011 at 3 pm. The agenda is as follows:

1. Reports from the Board of Directors and the Statutory Auditors concerning financial year 2010

2. Approval of the annual financial statements dated December 31, 2010
   Proposed resolution:
   The Annual General Meeting approves the annual parent company financial statements dated December 31, 2010 presented by the Board of Directors.

3. Approval of the consolidated annual financial statements dated December 31, 2010
   Proposed resolution:
   The Annual General Meeting approves the consolidated annual financial statements dated December 31, 2010 presented by the Board of Directors.

4. Distribution of profit
   Proposed resolution:
   The Annual General Meeting approves the proposal of the Board of Directors to distribute a gross dividend of €1.25 per share, corresponding to a net dividend of €0.9375 per share. After distribution, the balance carried forward amounts to €29,057,821.

5. Discharge to be given to the Board Directors
   Proposed resolution:
   The Annual General Meeting discharges the Board of Directors with respect to its obligations for 2010.

6. Discharge to be given to the Statutory Auditor
   Proposed resolution:
   The Annual General Meeting discharges the Statutory Auditor with respect to its obligations for 2010.

7. Statutory appointments
   The term of office as a Board director of BVBA Ciska Servais, represented by Ciska Servais, expires with today's Annual General Meeting.
   Proposed resolution:
   The Annual General Meeting renews the term of office as a Board director of BVBA Ciska Servais, represented by Ciska Servais, for a term of four years, expiring at the close of the Annual General Meeting of 2015. BVBA Ciska Servais, represented by Ciska Servais, meets the criteria of independence defined by Article 526 ter of the Belgian Company Code and the Belgian Corporate Governance Code.

8. Board Directors' fees
   Proposed resolution:
   In accordance with Article 17 of the Articles of Association, the Annual General Meeting determines the fixed amount of the annual directors' fees at €325,000, with effect from January 1, 2011.

9. Remuneration of the managing director and company directors -
   Application of the Law of April 6, 2010 relating to corporate governance
   Proposed resolution:
   - As concerns severance pay for independent Board directors, the managing director and company directors applicable after May 3, 2010: no agreement came into force after May 3, 2010. The law on employment contracts will be applied for people enjoying the status of employee and all other existing agreements remain in force. For people with the status of employee for whom there is no existing agreement relating to severance pay, the next Annual General Meeting will be asked to approve the period of notice to be given or the amount of severance pay that will be paid in the event of termination of the employment contract (for reasons other than serious misconduct) by the employer to salaried members of senior management who have not entered into an agreement in respect of severance pay before May 3, 2010 in accordance with the Law of July 3, 1978 on employment contracts, on the basis of the criteria typically used by Belgian courts to determine a reasonable period of notice or the reasonable amount of severance pay, which may not exceed that defined by the Claeys grid. No agreement exists for independent Board directors.

   - As concerns the rules relating to variable remuneration as of the financial year starting after December 31, 2010:
     - no variable remuneration is paid to independent Board directors;
     - for the managing director and company directors, the existing terms and criteria for allocation will be maintained for a period of three years, i.e. variable remuneration based on economic performance, the attention paid to employee safety and adherence to the group's values.
       In effect, the current legislation, which requires variable remuneration to be spread over three years and the related criteria are not appropriate (and therefore cannot be easily applied) to an Executive Committee in which some members are close to retirement and pension age.

In order to take part in the Annual General Meeting or to be represented there, shareholders must comply with Article 27 of the company's Articles of Association.

Owners of dematerialised shares must produce the certificate establishing the unavailability of their shares issued by the financial organisation holding their securities account, at the latest by April 29, 2011. This certificate must be produced at the head office of the Company or to the following financial institutions:

- Banque Degroof	located in Brussels, 44 rue de l'Industrie or
- BNP Paribas Fortis	located in Brussels, 3 Montagne du Parc, or
- ING Belgium	located in Brussels, 24 avenue Marnix.

The owners of registered shares must be registered in the register of registered shares in the Company at the latest by April 29, 2011.

The owners of physical bearer shares must first request that their shares be changed into registered or dematerialised shares and must undertake the formalities described above by April 29 at the latest. The owners of such shares may either submit these shares to the financial intermediary of their choice in order to have them registered in a securities account, or present the shares at the Company's head office in order to have them registered in the register of shareholders.

In accordance with Article 9 of the Articles of Association, the exercise of all rights attached to physical bearer shares shall be suspended until their registration in securities accounts or in the register of shareholders.

Consolidated financial statements

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Definitions

Investments in associated companies
Entities in which the group CFE has a significant influence and that are accounted for under the Equity method of accounting

Capital employed
Intangible assets + goodwill + property, plant and equipment + working capital

Working Capital
Inventories + trade receivables & other operating receivables + other current assets + non current assets held for sale – other provisions for current risks - trade payables & other operating liabilities - tax payables - other current liabilities

EBIT
Operating result

EBITDA
EBIT + depreciations and impairment + other non-cash items + share in the result of associated companies

Consolidated statement of comprehensive income

For the year ended 31 December *(in thousand Euro)*	Note	2010	2009
Revenue	4	1,774,401	1,602,607
Revenue from auxiliary activities	6	50,994	38,979
Purchases		(1,074,219)	(942,664)
Wages, salaries & social charges	7	(310,392)	(298,774)
Other operating charges	6	(243,412)	(224,882)
Depreciations	12-14-15	(98,285)	(82,138)
Impairment of goodwill	15	0	(4,533)
Operating result		**99,087**	**88,595**
Gross financial cost	8	(13,254)	(12,894)
Financial income from cash investments	8	4,418	4,000
Other financial charges	8	(18,272)	(15,695)
Other financial incomes	8	13,205	12,816
Financial result		**(13,903)**	**(11,773)**
Result before taxes for the period		**85,184**	**76,822**
Income tax expense	10	(19,747)	(17,462)
Result of the year		**65,437**	**59,360**
Share in the result of associated companies	16	(23)	2,623
Result (including noncontrolling interests) for the period		**65,414**	**61,983**
Noncontrolling interests	9	(2,118)	(255)
Result of the group		**63,296**	**61,728**
Result for the period (including noncontrolling interests)		**65,414**	**61,983**
Financial instruments : change in fair values	27	(1,009)	(2,480)
Currency translation differences (including 46K by non controlling interests)		6,794	105
Deferred taxes	10	501	892
Change in consolidation mode (net of deferred taxes)		0	11,108
Other elements of the comprehensive income		**6,286**	**9,625**
Comprehensive income		**71,700**	**71,608**
- Attributable to the group		69,536	71,353
- Attributable to noncontrolling interests		2,164	255
Net result per share (EUR) (diluted and basic)	11	4.83	4.71
Comprehensive income per share (EUR) (diluted and basic)		5.48	5.47

Consolidated statement of financial position

For the year ended 31 December *(in thousand Euro)*	Note	2010	2009
Intangible assets	12	8,752	6,913
Goodwill	13	27,893	25,791
Property, plant and equipment	14	750,470	600,858
Property investments	15	10,677	13,306
Investments in associated companies	16	14,100	8,432
Other non current financial assets	17	25,324	14,824
Non current derivative instruments	27	210	26
Other non current assets	18	9,859	6,774
Non current deferred tax assets	10	7,033	3,598
Total non current assets		**854,318**	**680,522**
Inventories	20	160,566	147,060
Trade receivables and other operating receivables	21	661,292	674,327
Other current assets	21	28,978	38,148
Current derivative instruments	27	257	154
Current financial assets		55	55
Cash and cash equivalents	22	175,518	170,546
Total current assets		**1,026,666**	**1,030,290**
Total assets		**1,880,984**	**1,710,812**
Issued capital		21,375	21,375
Share premium		61,463	61,463
Gain on revaluation		1,088	1,088
Hedging reserves		(-2,968)	(2,460)
Retained earnings		383,283	336,805
Translation differences		1,820	(4,928)
Equity – Part of the Group CFE		466,061	413,343
Noncontrolling interests	9	9,385	10,428
Equity		**475,446**	**423,771**
Pensions and employee benefits	24	17,784	18,601
Provisions	25	13,545	2,298
Other non current liabilities		57,998	32,798
Financial debts	27	284,104	228,092
Non current derivative instruments	27	16,560	4,082
Deferred tax liabilities	10	7,934	2,529
Total non current liabilities		**397,925**	**288,400**
Provisions for termination losses	25	17,817	18,890
Provisions for other current risks	25	26,970	34,916
Trade payables & other operating liabilities	21	543,299	548,172
Tax liability due for payment		32,862	22,245
Current financial debts	27	139,663	94,753
Current derivative instruments	27	4,787	8,594
Other current liabilities	21	242,215	271,072
Total current liabilities		**1,007,613**	**998,642**
Total equity and liabilities		**1,880,984**	**1,710,812**

Consolidated statement of cashflow

For the year ended 31 December *(in thousand Euro)*	Note	2010	2009
Operating activities			
Net profit		63,296	61,728
Corrections for non operational items or not affecting cash flow			
Depreciation of intangible assets, property, plant & equipment (PPE) and investment property		98,285	82,138
Impairment losses (1)		0	4,533
Net increase/decrease of provisions		(2,045)	4,398
Write-off on current and non current assets		2,045	1,288
Foreign exchange difference not realized (gain)/loss		2,410	(1,694)
Interest & investment income		(4,418)	(4,000)
Interest expense		15,070	11,964
Fair-value adjustment on derivatives		460	(633)
Loss/(profit) on sale of property, plant & equipment		(2,025)	(783)
Income tax expense		19,747	17,462
Noncontrolling interests		2,118	255
Share in the result of companies consolidated by the equity method		23	(2,623)
Cash flow from operating activities before changes in working capital		**194,966**	**174,033**
Decrease/(increase) in trade receivables and other current and non current receivables		12,422	23,890
Decrease/(increase) in inventories		(4,298)	(24,401)
Increase/(decrease) generated in trade payables and other short term payables		(18,334)	36,809
Cash flow from operating activities		**184,756**	**210,331**
Interest paid		(14,751)	(11,514)
Interest received		4,100	4,000
Income tax paid/received		(5,008)	(30,633)
Net cash flow from operating activities		**169,097**	**172,184**
Investment activities			
Proceeds from the sale of fixed assets		11,449	5,070
Acquisition of fixed assets		(236,245)	(176,342)
Acquisition/Disposal of subsidiaries, net of cash acquired (note 3)	5	(6,985)	(3,849)
Grouping of companies with joint ventures under deduction of acquired treasury		(1,765)	
Variation of the detained percentage of controlled companies	5	(3,050)	
Capital increase in companies consolidated by the equity method	16	(5,989)	193
Cash flow from investing activities		**(242,585)**	**(174,928)**
Financing activities			
Proceeds from borrowings		105,486	43,238
Debts reimbursements		(11,799)	(54,551)
Dividends paid		(15,711)	(15,711)
Cash flow from financing activities		**77,976**	**(27,024)**
Net Increase/(Decrease) of cash		**4,488**	**(29,768)**
Cash and cash equivalents at the beginning of the year	22	170,546	201,164
Translation differences		484	(850)
Cash and cash equivalents at the end of the year	22	175,518	170,546

(1) On grouping of companies and investments consolidated according to the Equity Method

Statement of changes in equity

For the year ended December 31 2009

(in thousand Euro)	Issued Capital	Share premium	Retained earnings	Hedging reserves	Gain on revaluation	Translation differences	Equity part of the group	Non-controlling interests	Total
As per December, 31 2008	**21,375**	**61,463**	**290,788**	**(11,980)**	**1,088**	**(5,033)**	**357,701**	**10,516**	**368,217**
Global result for the period			**61,728**	**9,520**		**105**	**71,353**	**255**	**71,608**
Dividends paid to shareholders			(15,711)				(15,711)		(15,711)
Dividends of minorities								(343)	(343)
As per December 31, 2009	**21,375**	**61,463**	**336,805**	**(2,460)**	**1,088**	**(4,928)**	**413,343**	**10,428**	**423,771**

For the year ended December 31 2010

(in thousand Euro)	Issued Capital	Share premium	Retained earnings	Hedging reserves	Gain on revaluation	Translation differences	Equity part of the group	Non-controlling interests	Total
As per December, 31 2009	**21,375**	**61,463**	**336,805**	**(2,460)**	**1,088**	**(4,928)**	**413,343**	**10,428**	**423,771**
Global result for the period			**63,296**	**(508)**		**6,748**	**69,536**	**2,164**	**71,700**
Dividends paid to shareholders			(15,711)				(15,711)		(15,711)
Dividend of non controlling interests								(2,344)	(2,344)
Business combinations (note 5)								476	476
Modification in the interest percentage of controlled entities and dividends from noncontrolling interests,			(1,712)				(1,712)	(1,339)	(3,051)
Modification in the interest percentage for joint ventures			605				605		605
As per December 31, 2010	**21,375**	**61,463**	**383,283**	**(2,968)**	**1,088**	**1,820**	**466,061**	**9,385**	**475,446**

Capital and reserves

The capital on 31 December 2010 is composed of 13,092,260 ordinary shares. These shares are without any nominal value. The shareholders of ordinary shares have the right to receive dividends and the right of one vote per share at the General Shareholders' Assembly.

The increase of currency translation effect is mainly due to some entities of DEME which functional currency was greatly appreciated during the period (SGD, QAR).

On 23 February 2011, the board of directors proposed a dividend of 16,365 thousand Euro, corresponding to 1.25 Euro gross per share. The final dividend proposed is submitted to the shareholder's approval at the General Assembly of Shareholders, The appropriation of the result has not been accounted for in the financial statements as per December 31, 2010.

The final dividend for the year ended December 31, 2009 was 1.2 Euro gross per share.

Notes to the consolidated financial statements for the year ended december 31, 2010

Preamble

Consolidated Financial Statements and Notes

The board of directors authorized the publication of the consolidated financial statements of the group CFE on February 23, 2011.

The board of director's management report should be read together with the consolidated financial statements of the group CFE.

Main transactions in 2010 and 2009 with effect on the consolidation scope of the group cfe

Transactions in 2010

1. Construction segment

On June 3, 2010, CFE took a part of 55.04% in the group Terryn for 11.9 million Euro. This industrial group based in Moorslede near Roeselare is the Belgian leader in the production and construction of glulam structures for the industrial and tertiary sectors.
Terryn generates revenue of 30 million Euro. The group is present in Benelux and Europe and has generated over the last three years an average yearly EBITDA of more than 3 million Euro.

2. Multitechnical segment

On February 12, 2010, CFE acquired 37.5% of the company Etablissements Druart SA (« Druart ») for 3,050 K Euro, the part of CFE in this company now reaches 100%. By performing this acquisition CFE also becomes owner of 100% of the company Prodfroid SA of which Druart detains 99.91 % of the shares.

On December 1, 2010, CFE acquired 65% of the shares of SA Brantegem. This company based in Alost is specialized in HVAC and sanitation, employs 25 people and is present in the region of Brussels, Gand and Anvers.
It generates revenue of 4.5 millions Euro.
By this acquisition, the multitechnical segment of CFE gains an eleventh profit center and new skills.

3. Real estate development and management services segment

On May 17, 2010, the company CLI subsidiary of the group CFE acquired 25% of the limited company under Luxembourg law, S.A. Château de Beggen, this in order to develop several residential projects (14 residences including more or less 170 apartments and 191 parking lots) on the land that it owns.

On May 17, 2010, the company CLI subsidiary of the group CFE also acquired 50% of the limited company under Luxembourg law, Rondriesch 123, in order to develop a project of offices on the land that it owns.

On June 30, 2010, the group CFE through his subsidiaries BPI and Espace Midi yields South City Office Fonsny to INTEGRALE and OGEO fund. The share of CFE in this project is of 20%.
The complex SOUTH CITY has been an immediate commercial success (the whole complex has been rented before delivery). It represents around 31.000 m² of offices and a hostel of 142 rooms.
The building Fonsny (property of South City Office Fonsny SA), being composed of 13,200 sqm of office and 3 commerces is the first building of the South City complex to have been completed. The second building of offices, named Broodthaers , the end of the South City complex has been completed in November 2010.

4. Dredging and environment segment

DEME performed in 2010 a regrouping of companies by taking the control of ISD.

Transactions in 2009

1. Construction segment

Nothing.

2. Multitechnical segment

On February 6, 2009, the companies Druart SA and Nizet SA, subsidiaries of CFE acquired the whole capital, either 1,100 shares, of the company Prodfroid SA, specialized in the installation of air conditioning, industrial and commercial refrigeration.

CFE SA acquired on July 2009 for a price of 3.7 million Euro, 64.95% of the shares of the company Elektro Van De Maele NV, situated in Meulebeke.
Through this acquisition, CFE SA intends to develop its activity in tertiary electricity.

3. Real estate development and management services segment

At the end of the 1st semester 2009, the group CFE diluted its participation in the company Immoange SA of 50%. This company is currently held at 50% and accounted for under the proportionate method of consolidation.

4. Dredging and environment segment

Nothing.

5. PPP - Concessions segment

CFE SA took a participation of 25% for a price of 5 million Euro within the company Bizerte Cap 3000.
Through this participation, CFE continue to develop of its PPP-Concessions activity.

1. General principles

IFRS as adopted by the european union

Standards and interpretations applicable for the annual period beginning on 1 January 2010

- IFRS 3 Business Combinations (revised in 2008) (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).
- Improvements to IFRS (2008-2009) (normally applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional exemptions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IAS 27 Consolidated and Separate Financial Statements (revised in 2008) (applicable for annual periods beginning on or after 1 July 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 12 Service Concession Arrangements (applicable for annual periods beginning on or after 1 April 2009)
- IFRIC 15 Agreements for the construction of real estate (applicable for annual periods beginning on or after 1 January 2010)
- IFRIC 16 Hedges of a net investment in a foreign operation (applicable for accounting years beginning on or after 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (applicable for annual periods beginning on or after 1 November 2009)
- IFRIC 18 Transfers of Assets from Customers (applicable for annual periods beginning on or after 1 November 2009)

The application of these standards and interpretation did not had any significant effect on the consolidated financial statements of the group.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2010

- IFRS 9 Financial Instruments (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 July 2011)
- Amendment to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 2011)
- Amendment to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2012)
- Amendment to IAS 24 Related Party Disclosures (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (applicable for annual periods beginning on or after 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applicable for annual periods beginning on or after 1 January 2011)

The potential impacts of these standards and interpretations on the consolidated accounts of the group are being determined.

2. Significant accounting principles

The “Compagnie d’Entreprises CFE SA” (referred to “the Company” or “CFE”) is a company based in Belgium. The consolidated financial statements of the company for the year ending December 31, 2010 include the company and its subsidiaries, the shares in jointly controlled entities (“the group CFE”) and the company’s interest in associated companies.

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

(B) Basis of presentation

The financial statements are stated in thousand of Euro, rounded to the nearest thousand. They are prepared on basis of the historical cost except for derivative financial instruments, investments held for trading and investments available-for-sale that are stated at fair value.

Instruments or equity derivatives are stated at cost when such equity instruments do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate and/or inapplicable.

Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

Accounting policies have been applied consistently.

They are presented before the effect of the profits appropriation of the parent company proposed to the General Assembly of Shareholders.

The Financial Statements prepared in accordance with IFRS requires estimates to be used and assumptions to be made affecting the amounts presented in these Financial Statements, in particular as regards the following items:

- the period over which assets are depreciated;
- the measurement of the provisions and pensions;
- the percentage of completion method used in construction contracts to measure the result;
- the values used in the impairment tests;
- the valuation of financial instruments at fair value;
- the measurement of share based payments (expenses IFRS 2);

These estimations assume the operations in going concern and are made based on the information available at the time. These estimations can be revised if the circumstances on which they are based alter or if new information becomes available. The actual results can be different from these estimates.

(C) Principles of consolidation

The global method of consolidation is used for subsidiaries. Subsidiaries are the companies consolidated by the mother company which is presumed when the mother company holds, directly or indirectly, more than one half of the voting rights or otherwise has control, directly or indirectly, so as to obtain benefits from the companies' activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control starts until the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group grants a sale option to the non-controlling interests of a subsidiary ("put" on the non-controlling interests), the related financial liability is deducted initially from the non-controlling interests in equity.

Jointly controlled entities are consolidated using the proportionate method of consolidation.

Associated companies are undertaking in which the group CFE has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights.

They are accounted for by the equity method of accounting from the date that significant influence starts until the date that significant influence ceases. When the group share of losses exceeds the carrying amount of the associated companies, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that has incurred obligations in respect of the associated companies.

All transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated.

(D) Foreign currencies

(1) Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.

(2) Financial statements of foreign operations

The company's foreign operations are considered as foreign entities. Accordingly, assets and liabilities are translated to Euro at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated to Euro at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

The components of shareholders' equity are translated at historical rates.

Exchange differences arising from the translation of shareholders' equity to Euro at year-end exchange rates are taken in another heading named "Translation differences". These exchange differences are recognized in the income statement in the exercise during which the entity is ceased or liquidated

(3) Exchange rate

Currencies	Closing rate 2010	Average rate 2010	Closing rate 2009	Average rate 2009
Polska Zloty	3.960	3.993	4.103	4.345
Hungary Forint	277.909	276.032	270.28	281.406
US Dollar	1.339	1.322	1.441	1.432
Singapore Dollar	1.716	1.795	2.020	2.024
Rial of Qatar	4.875	4.810	5.249	5.085
Romania Leu	4.277	4.219	4.236	4.243
Tunisian Dinar	1.923	1.900	1.900	1.882

1 Euro = X Currency

(E) Intangible assets

(1) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes are capitalized if the product or process is technically and commercially feasible, the company has sufficient resources to complete development and if the expenses can be reliably identified.

The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditures are stated at cost less accumulated amortization (see below) and impairment losses.

(2) Other intangible assets

Other intangible assets, acquired by the company, are stated at cost less accumulated amortization (see below) and impairment. Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred.

(3) Subsequent expenditure

Subsequent expenditures on capitalized intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates, above the performance level defined at the origin. All other expenditures are expensed as incurred.

(4) Amortization

Intangible assets are amortized using the straight-line method over their estimated useful lives at the following rates:

Minimum	5%	Operating concessions
	33.33%	Software's licenses

(F) Company's combination

Acquisitions of subsidiaries and company's are accounted for using the method of fair value. The consideration transferred in the course of company's combination is measured at fair value; expenses related to the acquisition are generally recognized in income when incurred.
When consideration transferred by the Group as part of a business combination agreement includes contingent consideration, this contingent consideration is valued at its fair value at the acquisition date. Changes in fair value of contingent consideration that are adjustments of the evaluation period (see below) are accounted for retrospectively; the other variations of the fair value of the counterparty possible are accounted in the income statement.
In company's combination realized by stages, the Group must revaluate the participation that he held previously in the company acquired in the fair value at the date of acquisition (I-e-d. the date on which the Group has obtained the control) and recognize the eventual benefit or loss in the income statement.

To the date of acquisition, the identifiable assets acquired and the liabilities resumed are accounted at fair value at the date of acquisition with the exception:

– the assets or deferred tax liabilities and liabilities or assets related to the provisions aimed benefits of the members of staff, which are recognized and valued in accordance with IAS 12, The income taxes, and to IAS 19, employee benefits, respectively
– liabilities or instruments of equity related to payment agreements based on company shares acquired or agreements of payment based group share concluded to replace payment agreements based on the acquired shares undertaking, which are valued in accordance with IFRS 2, payment based on shares, to the date of acquisition;
– the assets (or groups to be sold) classified as held for the sale according to IFRS 5, Non-current assets held with a view to the sale and discontinued operations, which are assessed in accordance with this standard.

If the initial recognition of a business combination is unfinished at the end of the period of presentation of the financial information during which the business combination occurs
- the group must present the provisional amounts relating to the elements for which the accounting is unfinished
These provisional amounts are adjusted during the evaluation period (see below)
- or the additional assets or liabilities are recognized to take into account of new information obtained about the facts and circumstances prevailing at the acquisition date and which, if they had been known, would have had an impact on the amounts recorded at that date.
The adjustments of the evaluation period are a consequence of additional information about the facts and circumstances prevailing at the date of acquisition obtained during the "evaluation period" (Maximum of one year from the acquisition date).

(1) Positive goodwill

The goodwill arising out of a business combination is recognized as an asset to the date of obtaining the control (the acquisition date).
The goodwill is evaluated as the excess of the sum of the counterparty transferred, the amount of shareholdings not providing control in the enterprise gained and the fair value of the participation previously owned by the group in the company acquired (if necessary) on the net balance of amounts, at the acquisition date, identifiable assets acquired and liabilities resumed.

The holdings not giving the control are evaluated initially at the fair value, or to the share of the participation not giving the control in the net identifiable assets accounted for the company acquired. The choice of the basis of evaluation is affected transaction by transaction

The goodwill is not depreciated but will be subject to an impairment test on an annual basis or more frequently if there is an indication that the cash-generating unit which it is allocated (generally, a subsidiary) could have suffered a loss of value. Goodwill is expressed in the currency of the subsidiary to which it relates. If the recoverable amount of the cash-generating unit is less than its carrying value, the loss in value is first allocated in reduction of any goodwill allocated to this unit and is subsequently attributed to any other assets of the unit in proportion to the carrying value of each of the assets included in the unit. Goodwill is stated at cost less accumulated amortization and impairment losses.
A loss of value recognized for goodwill is not included in future periods. When a subsidiary goes out, the subsequent goodwill is taken into account in determining the net result of the exit.
In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

(2) Negative goodwill

If the net balance of amounts, at the acquisition date, identifiable assets acquired and liabilities resumed is higher than the sum of the consideration transferred, the amount of shareholdings not giving the control in the company acquired and the fair value of the participation previously owned by the group in the acquired, the surplus is recognized immediately in the income statement in title a acquisition on advantageous terms.

(G) Property, plant and equipment

(1) Measurement & recognition

All property, plant and equipment are recorded in assets only when it is probable that future economic benefit will impact the entity and if the cost can be evaluated in a reliable way. These criteria are applicable at the time of initial accounting and for later expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and other direct acquisition costs (e.g. non refundable tax, transport). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

(2) Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Repairs and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

(3) Depreciations

Depreciations are calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

Trucks:	3 years
Vehicles:	3 to 5 years
Other material:	5 years
Computer installation:	3 years
Office machines:	5 years
Office equipment:	10 years
Constructions:	25-33 years

Dredges with disintegrator & suction dredges:	18 years with residual value of 5 %
Floating dredges & navigator boats:	25 years with residual value of 5 %
Landing stages, boats, ferries & boosters:	18 years without residual value
Cranes:	12 years with residual value of 5 %
Mechanical diggers:	7 years without residual value
Pipes:	3 years without residual value
Chain et site installations:	5 years
Diverse site materials:	5 years

Land is not depreciated as it is deemed to have an infinite life.

The loan costs directly linked to the acquisition, the construction or the production of an asset that needs a long time of preparation is not included in the cost of the asset.

(4) Accounting method of the fleet

The acquisition value is divided in two parts: a component vessel (92% of the acquisition value) amortized according to the straight-line method and with a depreciation rate defined by kind of boat and a component maintenance (8% of the acquisition value) amortized in 4 years using the straight-line method.

At the acquisition of a boat, spare parts are capitalized in proportion of the purchases with a maximum of 8% on the total purchase price of the boat (100%) and are amortized according to the straight-line method on the remaining useful life as from the date the asset is available for use.

Some repairs are capitalized and amortized using the straight-line method on 4 years as from the starting up again of the boat.

(H) Property investments

A property investment is an asset held in order to get rentals or to valorise the invested capital or both.

A property investment is different from a property occupied by its owner or buyer since it generates cash revenue independently of the other assets held by the company.

Property investments are evaluated at the balance sheet at their acquisition cost, including borrowing costs incurred during the construction period, less amortizations and depreciations.

Depreciations are calculated as from the date the asset is available for use, according to the straight-line method and according to a rate corresponding to the estimated economic useful life of these assets.

Land is not depreciated as it is deemed to have an infinite life.

(I) Leasing

Leases contracts where the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalized at the lower of the fair value and the estimated present value of the minimum lease payments at inception of the lease, or at the market value if it is lower, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in financial debts. The interest element is charged to the income statement as a finance charge over the lease period.

Property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.

Leases of assets under which the lesser substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment to be done to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

(J) Investments

Each category of investment is accounted for its acquisition value.

(1) Investments in equity securities

Investments in equity securities (available for sale) are undertakings in which the group CFE does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are recognized at their fair value unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses.

Impairment charges are recognized in the income statement. Changes in fair value are recognized through equity. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

(2) Investments in debt securities

Investments in debt securities are classified as being held to maturity financial assets and are stated at their amortized cost, determined on basis of the “effective interest rate method”. Gain or loss is recognized in the income statement. Impairment charges are recognized in the income statement.

(3) Other investments

Other investments held by the company are classified as being available-for-sale and are stated at fair value, with any resulting gain or loss recognized through equity. Impairment charges are recognized in the income statement.

(K) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.
The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct costs, borrowing costs incurred when the good requires a long period of construction, and an allocation of fixed and variable overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

(L) Trade receivables

Trade receivables are carried at cost less impairment losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

(M) Construction contracts

When the outcome of a construction contract can be reliably estimated, revenue and cost of the contract, including borrowing costs incurred when the contract exceed the accounting period, are recognized respectively in revenue and charges depending of the level of completion of the activity of the contract at year-end (% of completion method). An expected loss on the construction contract is immediately recognized in charges.

According to the percentage of completion method, revenue of the contracts is recognized in the income statement of the periods of the works done. Costs of the contract are recognized in charges under the income statement of the periods during which work related is achieved.

Costs incurred related to future activities on the contract are capitalized if it is probable that it will be recovered.
The group CFE has taken the option to not present separately the information related to construction contracts in the balance sheet but only in the notes.

(N) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits having a due date of less than 3 months.

(O) Impairment

The carrying amounts of the company’s non current assets, other than financial assets in accordance with IAS 39, deferred tax assets and non current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill amortized over a period exceeding twenty years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

(1) Calculation of recoverable amount

The recoverable amount of the company’s investments in debt securities and receivables originated by the company is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset.
The recoverable amount of other assets is the greatest of their net selling price and value in use. The value in use is the discounted value of estimated future cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(2) Reversal of impairment

An impairment loss in respect of investments or receivables originated by the company is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature, which is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(P) Share capital

Own shares purchase

When shares capital (recognized as equity) is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are directly included in equity, without any impact on the income statement.

(Q) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as provision corresponds to the best estimate of the necessary expenditure to stop the current obligation at the balance sheet date. This estimation is obtained by using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for restructuring are recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for.

The current provisions correspond to the provisions directly related to the operating activities of each site, whatever their estimated due date.

The provisions for after-sales services cover the obligations of the entities of the group CFE within the framework of the legal guarantees concerning the delivered building sites. There are estimated in a statistical way according to the expenditure noted during the previous years or in an individual way on the basis of the specifically identified issues. The provisions for after-sale services are recognized as from the beginning of works.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provisions for claims related to the activity concern mainly client claims, sub-contractors, co-contractors and suppliers claims. The other provisions for current risks are mainly composed of provisions for penalties and other risks attached to the operating cycles.

The non-current provisions correspond to the provisions not directly linked to the operating cycle and for which the due date is generally greater than one year. It includes in particular provisions for restructuring, when these have been announced before the closing date of the exercise.

(R) Employee benefits

(1) Post employment benefits

Post employment benefits include pension plans and life insurances.

The company operates a number of defined benefits and defined contribution plans throughout the world. The assets of which are generally held in separate trustee-administered funds and financed through contributions from subsidiaries and from employees. These contributions are determined on basis of independent actuarial recommendations.

The pension benefits obligations at the group CFE are either covered or non-covered by funds.

a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred.

b) Defined benefit plans

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, actuarial gains or losses and past service costs.

The pension obligations recognized in the balance sheet are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability, adjusted for the unrecognized actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets.

The recognition of actuarial gains and losses is determined separately for each defined benefit plan. Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

All actuarial gains and losses exceeding a corridor of 10% of the higher of the fair value of plan assets and the present value of the defined benefit obligations are recognized in the income statement over the average remaining service lives of employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Past service costs are recognized as an expense over the average period until the benefits become vested, unless they are already vested following the introduction of or changes to a defined benefit plan, in which case the past service costs are recognized as an expense immediately.

Where the calculation results in a benefit to the company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The expected charges of these benefits are written-off during the active career of the employee by applying similar accounting methods as the one's used for defined benefits plan. Independents qualified actuaries realize the calculation of these obligations.

(2) Bonus

Bonuses received by company employees and management are based on financial key indicators. The estimated amount of the bonus is recognized as an expense in the year.

(S) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at cost, less attributable transaction costs. Any difference between this net value and the redemption value is recognized in the income statement over the period of borrowings on an effective interest rate basis.

(T) Trade and other payables

Trade and other payables are stated at cost.

(U) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Currently or substantially enacted tax rates are used to determine deferred assets and liabilities.

Under this method the company is required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(V) Revenue

(1) Revenue from construction contracts

Revenue of the contract should include the initial amount of revenue defined in the contract and the modifications in the work specified by the contract, claims & performance bonuses when it is probable that these will generate products and when it can be reliably measured.

Revenue of the contract is calculated at the fair value of the counterpart received or to be received.

A modification can lead to an increase or a decrease of contract revenue. A modification is an instruction given by the client in order to change the scope of the work to be realized according to the contract. A modification is included in the contract revenue when it is probable that the client will approve the modification as well as the amount of revenue resulting from this modification and that the amount can be reliably measured.

Performance bonuses form part of the contract revenue when the completion of contract is so that it is probable that the specified performance will be reached or overtaken and that the amount of the performance bonus can be reliably measured.

Contract revenue is recognized according to the level of completion of the activity of the contract at the closing date (according to the percentage of completion, calculated as the notice of contract costs at date and estimated total contract costs).

An expected loss on the construction contract is immediately recognized in profit and loss.

(2) Goods sold and services rendered

In relation to the sale of goods and property items, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods.

(3) Rental income & fees

Rental income is recognized on a straight-line basis over the term of the lease.

(4) Financial income

Financial income comprises interest receivable on funds invested, dividend income, royalty income, foreign exchange gains and gains on hedging instruments that are recognized in the income statement.

Interest, royalties and dividends arising from the use by others of the company's resources are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognized in the income statement on the date that the dividend is declared.

(5) Government grants

A government grant is recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the company for the cost of an asset are recognized in the income statement as revenue on a systematic basis over the useful life of the asset. These grants are deducted from the related asset value.

(W) Expenses

(1) Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognized in the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible to be activated, are expensed as incurred as part of financial expenses. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs and systems development costs

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization.

(X) Dervative financial instruments

The company uses derivative financial instruments primarily to reduce the exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The company's policy prohibits the use of derivatives for speculation.

The company does not hold or issue derivative financial instruments for trading purposes. However, derivatives which are not qualified as hedging instruments are presented as instruments held for the trading purposes.

Derivative financial instruments are recognized initially at historical cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resulting unrealized gain or loss depends on the nature of the item being hedged.
The fair value of swaps interest rates is the estimated amount that the company will receive or paid when exercising the swaps at the closing date, taking into account the current interest rates and the solvability of the counterpart of the swap.

The fair value of a "forward exchange contract" is the quoted value at the closing date, and then the current value of the "forward" price quoted.

(1) Cash flow hedges

Where a derivative financial instrument hedges the variability in cash flows of a recognized liability, a firm commitment or a forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognized directly in equity. When the firm commitment or the forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement. Gains or losses from the temporary value of the financial derivative instruments are recognized in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative unrealized gain or loss (at that point) remains in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in equity is recognized in the income statement immediately.

(2) Fair value hedges

Where a derivative financial instrument hedges the variability in fair value of a recognized receivable or payable, any resulting gain or loss on the hedging instrument is recognized in the income statement.
The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.
The fair values of covered items, related to the risk covered, are the carrying amounts at the closing date converted in Euro at the applicable exchange rate of the closing period.

(3) Hedging of net investment within a foreign country.

Where a foreign currency liability hedges a net investment within a foreign entity, foreign exchange differences arising on translation of the liability to Euro are recognized directly in "Translation reserves" in shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognized directly in "Translation reserves" in shareholders' equity, and the ineffective portion is reported in the income statement.

(Y) Segment reporting

A segment is a distinguishable component of the company, which generates revenues and costs and of which the operating results are regularly reviewed by the management in order to take decisions or determine the performance of a segment. The company is composed of 5 segments: construction, real estate development and management services, multitechnics, dredging & environment and PPP - Concessions.

(Z) Shares options

Shares options are valued at their fair value at the date of granting. This fair value is supported in linear fashion on the period of acquisition of these rights, taking into account of an estimate the number of options finally acquired.

3. Consolidation methods

Consolidation scope

Companies in which the group CFE holds directly or indirectly more than one half of the voting rights allowing the control are consolidated according to the global method of consolidation. Companies on which the group CFE exerts a jointly control with other shareholders are consolidated according to the proportionate method of consolidation. This relates in particular to DEME, Rent a Port and some entities of the Real Estate and Associated Services segment. Companies on which the group CFE exerts a significant influence are consolidated according to the equity method. This relates in particular to Locorail, Coentunnel Company and PPP Schulen Eupen.

Evolution of the consolidation scope

	2010	**2009**
Global method of consolidation	57	50
Proportionate method of consolidation	138	124
Equity method	14	10
Total	**209**	**184**

Intra-group operations

Reciprocal transactions and operations of assets, liabilities, profit and loss between integrated companies are eliminated in the consolidated accounts. This operation is realized:

- Totally if the operation is realized between two subsidiaries;
- In proportion of the proportionate consolidated company's integration rate if the operation is realized between a globally integrated company and a proportionate integrated company;
- In proportion of the associate's integration rate in the case of an internal result realized between a global integrated company and a company consolidated according to the equity method.

Conversion of financial statements for foreign companies and establishments

In most of the cases, the functional currency of companies and establishments correspond to the currency of the related country.

Financial statements of foreign companies whereas the functional currency is different from the consolidated accounts reporting currency of the group are translated at the closing rate for the balance sheet elements, and at the average rate of the period for the results elements. Exchange differences are recorded in "translation differences" in the consolidated reserves. Goodwill related to foreign companies is considered to be included in the acquired assets and liabilities and are therefore translated at the closing rate.

Foreign currencies transactions

Foreign currencies transactions are converted into Euro using the conversion rate at the date of the operation. At closing period, the financial assets and monetary liabilities denominated in foreign currencies are converted into Euro at the exchange closing rate of the period. The exchange losses and profits coming from these operations are recognized in the heading "exchange result" and are presented in other financial products and other financial expenses in the income statement.

The exchange gains and losses on loans denominated in foreign currencies or on exchange derivatives products used at ends of participations in the foreign subsidiary companies covering are recognised in the heading "translation differences" in the equity.

4. Segment reporting

Operating segments

The segment reporting is presented in respect of the operational segments. The results and asset and liability items of the segment include items that can be attributed to a sector, either directly, or allocated on a reasonable basis.
The group CFE is composed of five operating segments: construction, real estate development and management services, multitechnics, dredging & environment and PPP-concessions:

- **Construction**

Within the construction sector, the construction segment is active in civil engineering (execution of infrastructure works: tunnels, bridges, walls, gas terminals…) and building (offices, industrial buildings, residences, renovation and properties rehabilitation).

- **Real estate development and management services**

The real estate development and management services segment develops real estate projects with a "promoter-constructor" approach, in association with the construction segment. In addition, through specific subsidiaries, the segment offers services associated to its basis skills: the "project management" and the building management and maintenance.

- **Multitechnics**

The multitechnics segment, through specific subsidiaries, is specialized in tertiary electricity (offices, hospitals, parking…), electrification and rail signalization as well as assembly of low and high-voltage lines. In 2007, this segment also became active in air-conditioning following the acquisition of a 25% stake in Druart SA (up to 100% in 2010), and to the automation of industrial processes by the acquisition of VMA NV. In 2009, this segment geographically diversified by the acquisition of 64.95 % of Elektro Van De Maele NVand in 2010 by the acquisition of 65.04% of Brantegem NV.

- **Dredging and environment**

The dredging & environment segment through its subsidiary DEME held by 50% is active in dredging (capital dredging and maintenance dredging), in the treatment of polluted grounds and sludge and marine engineering.

- **PPP - Concessions**

The PPP-concessions segment was set up following the emergence of an increasing number of operations conducted under public/private partnerships (PPP).

The accounting principles used in the presentation of the segment reporting are the same as these used in the preparation of the Consolidated Financial Statements (refer to note 2).

Elements of the consolidated statement of comprehensive income

	Sales		EBIT				Financial result		Taxes			
	2010	2009	2010	%Sales	2009	%Sales	2010	2009	2010	Rate	2009	Rate
Construction	707,811	742,537	10,227	1.4%	11,545	1.6%	(500)	(1,231)	(1,187)	11.9%	(4,058)	39.3%
Construction - non recurrent	-	-	-	-	(2,733)	-	-	-	-	-	-	-
Real estate development and management services	19,829	27,057	7,205	36.3%	7,370	27.2%	(2,980)	(2,800)	(826)	18.9%	(136)	2.5%
Eliminations: construction - real estate	11,231	1,539	(121)	-	(242)	-	-	-	56	46.5%	46	19.0%
Multitechnics	148,604	140,744	6,255	4.2%	5,968	4.2%	(432)	(178)	(1,625)	30.6%	(2,506)	44.2%
Multitechnics - non recurrent	-	-	-	-	(1,800)	-	-	-	-	-	-	-
PPP-concessions	3,353	3,554	(3,666)	-	(1,885)	-	121	279	(224)	(6.6%)	(382)	(86.4%)
Eliminations : Construction - other	(15,947)	(11,480)	(406)	-	(1,000)	-	-	-	-	-	(36)	-
Dredging and environment	900,305	701,285	87,604	9.7%	73,392	10.5%	(11,242)	(9,179)	(15,745)	21.2%	(10,336)	16.0%
Eliminations between dredging and other segments	(785)	(2,629)	(116)	-	-	-	-	-	-	-	-	-
Correction DEME	-	-	(1,115)	-	(572)	-	-	-	(36)	-	-	-
Holding	-	-	(583)	-	(1,448)	-	1,130	1,334	(160)	29.4%	(54)	(4.9%)
Other non recurrent elements	-		(6,197)	-	-		-	-	-	-	-	-
Total consolidated	**1,774,401**	**1,602,607**	**99,087**	**5.6%**	**88,595**	**5.5%**	**(13,903)**	**(11,773)**	**(19,747)**	**23.8%**	**(17,462)**	**22.1%**

	Share in the results of associated companies		Result of the group				Non cash elements		EBITDA			
	2010	2009	2010	%Sales	2009	%Sales	2010	2009	2010	%Sales	2009	%Sales
Construction	-	-	8,772	1.2%	6,262	0.8%	9,151	14,503	19,377	2.7%	26,048	3.5%
Construction non recurrent	-	-	-	-	(2,733)	-	-	2,733	-	-	-	-
Real estate development and mamagement services	(5)	696	3,529	17.8%	5,222	19.3%	1,943	(724)	9,142	46.1%	7,342	27.1%
Eliminations: construction - real estate	-	-	(65)	-	(196)	-	-	-	(121)	-	(242)	-
Multitechnics	-	-	3,681	2.5%	3,163	2.2%	3,008	1,720	9,263	6.2%	7,688	5.5%
Multitechnics - non recurrent	-	-	-	-	(1,800)	-	-	1,800	-	-	-	-
PPP-concessions	219	878	(3,396)		(824)	-	1.301	494	(2,146)	-	(513)	-
Eliminations Construction - other	-		(406)	2.5%	(1.000)	-	-	-	(406)	-	(1,000)	-
Dredging and environment	(237)	1,049	58,260	6.5%	54,409	7.8%	76,358	72,344	163,726	18.2%	146,786	20.9%
Eliminations between dredging and other segments	-	-	(116)	-	-	-	-	-	(115)	-	-	-
Correction DEME	-	-	(1,151)	-	(608)	-	-	-	(1,114)	-	(573)	-
Holding	-	-	385	-	(167)	-	286	110	(298)	-	(1,338)	-
Other non recurrent elements	-		(6,197)	-	-	-	6,197		-	-		-
Total consolidated	**(23)**	**2,623**	**63,296**	**3.4%**	**61,727**	**3.9%**	**98,244**	**92,980**	**197,308**	**11.1%**	**184,198**	**11.5%**

Turnover

(in thousand Euro)	2010	2009
Belgium	772,464	750,167
Others Europe	512,916	429,340
Middle East	130,009	99,977
Other Asia	67,862	78,159
Oceania	54,336	48,808
Africa	143,869	124,592
The Americas	92,945	71,564
Total consolidated	**1,774,401**	**1,602,607**

The sales repartition by country depends on the country where the activity is executed.

During 2010, the group hasn't generated any revenue with a significant client that exceeds more than 10% of the total sales.

The turnover generated by the sale of goods for 2010 amounts to 10,882 thousand Euro (2009: 7,375 thousand Euro) It consists of sales from the subsidiary Voltis and Terryn Hout.

Breakdown of the revenue generated by the construction segment

(in thousand Euro)	2010	2009
Building	400,373	471,794
Civil engineering	243,914	209,960
Roads	45,621	44,352
Other	17,903	16,431
Total	**707,811**	**742,537**

The group CFE recognizes in the construction activity the construction revenue realized in the real estate development and management services segment.
At the level of real estate development and management services, the group CFE recognizes the revenue less the portion of the construction activity. Due to absence of simultaneity between the construction and the sale by the real estate development and management services segment, the internal sales are stocked under work in progress and taken out from the stock at the moment of the sale. The difference between the inventory increase and decrease constitutes the main part of this entry.

Breakdown of the revenue generated by the dredging segment

(in thousand Euro)	2010	2009
Dredging	612,244	503,000
Oil & Gas	87,995	48,500
Environmental	119,493	92,500
Civil	53,324	30,000
Others	27,249	27,285
Total	**900,305**	**701,285**

Order book

(In million Euro)	2010	2009	% variation
Construction	826.4	845.0	(2.2)
Real estate development and management services	17.0	9.4	n.s.
Sub-total	843.4	854.4	(1.2)
Dredging and environment	967.5	1.061.0	(9.1)
Multitechnics	128.2	108.7	17.9
Total	**1,939.1**	**2,024.2**	**(4.2)**

Consolidated statement of comprehensive income

At December 31st, 2010 *(in thousand Euro)*	Construction	Real Estate & associated services	Dredging and environment	Multi-technical	PPP-Concessions	Holding and eliminations	Inter activities eliminations	Total consolidated
Assets								
Goodwill	911	77	9,941	16,964	0	0	0	**27,893**
Property, plant and equipment	47,024	1,890	682,968	11,387	6,978	223	0	**750,470**
Long term loans to consolidated companies of the group	16,795	0	0	0	0	49,981	(66,776)	**0**
Other heading of non current assets	968	7,404	8,857	50	4,420	3,625	0	**25,324**
Other non current assetsInventories	3,787	3,365	20,303	3,858	11,013	171,747	(163,442)	**50,631**
Inventories	13,730	137,148	4,173	4,868	0	647	0	160,566
Cash and cash equivalent	49,308	10,537	94,480	3,239	1,932	16,022	0	**175,518**
Internal cash position – cash pooling – assets	89,048	661	0	8,901	0	134,299	(232,909)	0
Other current financial assets – companies of the group								
Other heading of current assets	331,988	46,699	253,966	64,683	2,822	27,251	(36,827)	**690,582**
Total assets	**553,559**	**207,781**	**1,074,688**	**113,950**	**27,165**	**403,795**	**(499,954)**	**1,880,984**
Liabilities								
Equity	46,032	33,367	326,029	52,180	(3,123)	181,024	(160,063)	**475,446**
Non current financial debt	47,482	1,528	0	0	1,084	16,682	(66,776)	**0**
Non current borrowing to consolidated companies of the group	4,852	5,083	215,459	4,061	664	53,985	0	**284,104**
Other heading of non current liabilities	44,682	16,068	47,543	771	0	8,137	(3,380)	**113,821**
Current financial debts	1,887	13,322	119,589	1,515	2,261	1,089	0	**139,663**
Internal cash position – cash pooling - liabilities	17,248	95,186	0	5,978	15,885	98,612	(232,909)	0
Other heading of current liabilities	391,376	43,227	366,068	49,445	10,394	44,266	(36,826)	**867,950**
Total equity and liabilities	**553,559**	**207,781**	**1,074,688**	**113,950**	**27,165**	**403,795**	**(499,954)**	**1,880,984**

Consolidated statement of comprehensive income

At December 31st, 2009 *(in thousand Euro)*	Construction	Real Estate & associated services	Dredging and environment	Multi-technical	PPP-Concessions	Holding and eliminations	Inter activities eliminations	Total consolidated
Activa								
Goodwill	911	77	7,838	16,965	0	0	0	**25,791**
Property, plant and equipment	26,800	1,662	553,586	11,666	6,490	654		**600,858**
Long term loans to consolidated companies of the group	31,729	0	0	0	0	50,694	(82,423)	**0**
Other heading of non current assets	676	6,995	3,285	47	1,446	3,415	(1,040)	**14,824**
Other non current assetsInventories	2,541	5,876	8,439	3,412	12,107	155,428	(148,754)	**39,049**
Inventories	20,648	117,090	5,032	3,643	0	647	0	**147,060**
Cash and cash equivalent	68,333	6,882	67,312	2,025	1,668	24,326	0	**170,546**
Internal cash position – cash pooling – assets	74,089	669	0	14,625	0	116,482	(205,865)	**0**
Other current financial assets – companies of the group	0	0	0	0	0	0	0	**0**
Other heading of current assets	361,847	40,382	257,675	63,250	3,273	28,026	(41,769)	**712,684**
Total assets	**587,574**	**179,633**	**903,167**	**115,633**	**24,984**	**379,672**	**(479,851)**	**1,710,812**
Liabilities								
Equity	33,228	27,449	278,523	51,711	3,832	172,642	(143,614)	**423,771**
Non current financial debt	1,851	11,443	172,104	3,684	1,050	39,000	(1,040)	**228,092**
Non current borrowing to consolidated companies of the group	50,680	76	0	0	0	31,667	(82,423)	**0**
Other heading of non current liabilities	30,141	11,500	20,524	830	1,959	493	(5,140)	**60,307**
Current financial debts	5,656	11,671	74,382	1,832	911	86	0	**94,538**
Internal cash position – cash pooling - liabilities	21,895	75,957		8,368	10,262	89,383	(205,865)	**0**
Other heading of current liabilities	444,123	41,537	357,634	49,208	6,970	46,401	(41,769)	904,104
Total equity and liabilities	**587,574**	**179,633**	**903,167**	**115,633**	**24,984**	**379,672**	**(479,851)**	**1,710,812**

Condensed consolidated statement of cash flow

At December 31st, 2010 *(in thousand Euro)*	Construction	Real Estate & associated services	Multi-technics	Dredging and environment	PPP-Concessions	Holding and eliminations	Total consolidated
Cash flow from operating activities before changes in working capital	17,793	7,399	9,319	158,778	(1,065)	2,742	194,966
Cash flow from operating activities	(672)	3,714	2,920	170,821	(507)	(7,179)	169,097
Cash flow from investing activities	(9,637)	(3,124)	(5,100)	(215,142)	(6,948)	(2,634)	(242,585)
Cash flow from financing activities	4,305	(3,682)	(5,484)	66,482	4,322	12,033	77,976
Net increase/(Decrease) of cash	**(6,004)**	**(3,092)**	**(7,664)**	**22,161**	**(3,133)**	**2,220**	**4,488**

At December 31st, 2009 *(in thousand Euro)*	Construction	Real Estate & associated services	Multi-technics	Dredging and environment	PPP-Concessions	Holding and eliminations	Total consolidated
Cash flow from (used in) operating activities before changes in working capital	24,258	5,218	7,812	139,371	(1,347)	(1,279)	174,033
Cash flow from (used in) operating activities	10,415	(6,332)	9,331	173,386	9,239	(23,855)	172,184
Cash flow from (used in) investing activities	(12,224)	(428)	(6,296)	(146,439)	(9,187)	(354)	(174,928)
Cash flow from (used in) financing activities	(7,951)	5.355	(4,631)	(31,868)	0	12,071	(27,024)
Net increase/(Decrease) of cash	**(9,761)**	**(1,403)**	**(1,596)**	**(4,921)**	**51**	**(12,138)**	**(29,768)**

Cash flows from financing activities include cash pooling loans and borrowing with other segments.
A positive amount means a use of liquidities in the cash pooling. This heading is also influenced by external financings in particular in the Real Estate and other services, Holding, and dredging segments.
The dredging segment is not concerned by the cash pooling.

Other information

At December 31st, 2010 *(In thousand Euro)*	Construction	Real Estate & associated services	Multi-technics	Dredging and environment	PPP-Concessions	Holding and eliminations	Total consolidated
Amortizations	(10,682)	(255)	(3,315)	(76,660)	(6,145)	(1,168)	(98,225)
Investments	(10,204)	(8,765)	(2,162)	(204,386)	(6,680)	(2,634)	(234,831)
Impairment losses					(60)		(60)

At December 31st, 2010 *(In thousand Euro)*	Construction	Real Estate & associated services	Multi-technics	Dredging and environment	PPP-Concessions	Holding and eliminations	Total consolidated
Amortizations	(7,159)	(60)	(2,960)	(71,059)	(283)	(617)	(82,138)
Investments	(13,384)	(980)	(2,483)	(163,623)	(9,187)	(425)	(190,082)
Impairment losses	(2,733)		(1,800)				(4,533)

Geographical sectors

The operations of the group CFE (excluding DEME) are mainly based in the Benelux and in central Europe.

The property, plant & equipment of the group CFE excluding DEME are mainly based in Belgium and Luxembourg. However, the main activity of DEME is performed by the fleet which is recognized in different companies, and the legal localization does not reflect the economic reality of the activity executed by this fleet for the same companies. As a consequence, a detail of property, plant & equipment by company is not presented; it was not practical to give a presentation reflecting the geographical sectors where the activity is performed.

5. Acquisitions and disposals of subsidiaries

Acquisitions for the exercise 2010

Fair value of assets and liabilities of subsidiaries acquired within the year

(in thousand Euro)	Fair Value	Accounting value
Intangible assets	67	67
Property, plant and equipment	21,350	6,273
Other non current assets	312	169
Other non current financial assets	16	15
Inventories	5,296	5,296
Trade receivables and other operating receivables	9,908	5,014
Other current assets	187	175
Non current provisions	(18)	(18)
Non current financial debts	(3,108)	(2,840)
Other non current liabilities	(124)	(71)
Non current deferred tax liabilities	(6,067)	(128)
Current provisions	(4)	(4)
Trade payable and other operating debts	(4,080)	(2,448)
Current financial debts	(1,159)	(1,159)
Income tax payable	(952)	(621)
Other current liabilities	(4,380)	(4,358)
Cash and cash equivalents	4,267	4,267
Fair value of assets and liabilities	**21,511**	**9,631**
Counterpart paid during the acquisition	11,252	
Eventual counterpart	1,014	
Acquisition price	**12,266**	
Non controlling interests	(9,245)	
Non allocated Goodwill	**0**	
Purchase price paid	(11,252)	
Acquired cash	4,267	
Cash Flow	**(6,985)**	
Non controlling Interests	(9,245)	
Sell option granted by the group	8,769	
Non controlling Interests - Total	476	

On June 3 2010, CFE has acquired a 55.04% shareholding in Terryn, Belgian market leader in the production and construction of bonded laminate structure for the industrial and tertiary sectors.
The acquisition of this shareholding, at the cost of 11,876 thousand euro, of which 10,862 thousand Euro were paid the 30th June 2010, aims to strengthen CFE's capacity to respond to the growing trend for sustainable development in the market and enable it to combine Terryn's expertise as Belgian market leader in bonded laminates with its own expertise in real estate development and in public-private partnerships.

CFE detains and controls, from this date, 55.04% of the capital of this company. This company is consolidated in the global method.

The acquisition price was estimated on the basis of the contract and also the price complement that may be due in 2013 based on the result of the acquired companies, which was estimated at 1,014 thousand Euro and accounted in the debts.
As the minority shareholders have an option to sell their shares exercisable in three installments in 2016, 2017 and 2018, the debt related to this option as been accounted on the base of the estimated results of the acquired companies, for 8,769 thousand Euro as counterpart of "non controlling interests". The total debt towards the minority shareholders of the group Terryn was accounted for 9,783 thousand Euro under non-current derivative instruments in counter part of non controlling interest in the equity.

On December 1, 2010, CFE acquired 65% of the shares of SA Brantegem. This company based in Alost is specialized in HVAC and sanitation, employs 25 people and is present in the region of Brussels, Gand and Anvers.
This acquisition was done for an amount of 146 thousand Euro. By this acquisition, the multitechnical segment of CFE gains an eleventh profit center and new skills.

The initial accounting of the period has been determined provisionally for Brantegem. Therefore, the fair values assigned to assets and liabilities acquired, may still be changed within 12 months from the date of acquisition.

If those groupings would have taken place the first of January 2010, the impact on revenue would have been of 33.845 thousand Euro and of -1,302 thousand Euro on the net income. Those groupings contributed to -640 thousand Euro on result of the group.

The other acquisitions of subsidiaries (Château Beggen and Ronndriesch 123) are not groupings of companies so all the price paid is allocated to the fields buildings detain in stocks.

DEME realized a grouping of company by acquiring ISD.

Acquisitions after closing date

Nothing.

Disposals for the exercise 2010

Nothing.

Variation of % without change of control

The group used its option on the 37.5 % of Druart (and its subsidiary Prodfroid) not yet detained, for 3,050 thousand Euro, accounted as counterpart of the shares no giving control (1,338) and balance of retained earnings (1,712), without impact on the goodwill accounted at the time of the acquisition. The other variations of percentage detained in the controlled companies are due to DEME, itself a joint venture.

Comprehensive Income

6. Revenue from auxiliary activities and other operating charges

Revenue from auxiliary activities amounts to 50,993 thousand Euro (2009: 38,979 thousand Euro). This includes gains on fixed assets for 2,349 thousand Euro (2009: 908 thousand Euro). It also includes revenue from hiring, reinvoicing of expenses and other miscellaneous reimbursements for 48,644 thousand Euro (2009: 38,071 thousand Euro). Revenue from auxiliary activities increased by more than30% compared with previous year.

Other operating charges are detailed as follow:

(in thousand Euro)	**2010**	**2009**
Services and other goods	(241,288)	(217,768)
Depreciation of assets		
- Inventories	(857)	665
- Trade receivables & other operating receivables	(1,188)	(2,291)
Net allocation to the provision	1,234	(4,398)
Other operating charges	(1,313)	(1,090)
Total consolidated	**(243,412)**	**(224,882)**

7. Wages, salaries and social charges

(in thousand Euro)	**2010**	**2009**
Wages and salaries	(228,653)	(222,884)
Mandatory contributions to the social security	(64,441)	(60,943)
Other salary costs	(15,138)	(11,603)
Contribution to defined contributions plans	(39)	(30)
Cost of services rendered related to defined benefits plans	(2,121)	(3,314)
Total consolidated	**(310,392)**	**(298,774)**

The number of full time equivalents (average) in 2010 amounts to 5,120 (5,184 in 2009).
It amounted to 5,273 on the first of January 2010 and amounts to 5,224 on the 31st of December 2010.

8. Other financial charges and income

(in thousand Euro)	**2010**	**2009**
Fair value adjustment	(679)	(831)
Exchange gain (loss) realized / not realized	(3,553)	86
Dividends from non-consolidated companies	0	40
Other	(835)	(2,174)
Total consolidated	**(5,067)**	**(2,879)**

The evolution of the exchange gains and losses and income is mainly explained by the floating of the Euro compared to the functional currencies of DEME subsidiaries.

9. Noncontrolling interests

As per 31 December 2010, the part of non controlling interests in the result amounts to 2,118 thousand Euro (2009: -255 thousand Euro) and is mainly related to the group DEME (2,122 thousand Euro).

10. Income tax expenses

Recognized in the statement of comprehensive income

(in thousand Euro)	**2010**	**2009**
Current taxes		
Tax expense of the year	17,942	19,530
Under/(over) provided in prior years	0	179
Total current tax expense	**17,942**	**19,709**
Deferred taxes		
Origination and reversal of temporary differences	(2,101)	(134)
Use of losses from previous exercises	296	406
Deferred taxes calculated on the losses of the exercise	0	395
Deferred taxes calculated on the definitively taxed incomes	0	(2,914)
Total deferred tax (expense)/income	**(1,805)**	**(2,247)**
Total of tax expenses recognized in the statement of comprehensive income	**19,747**	**17,462**

Reconciliation of the effective tax rate

(in thousand Euro)	**2010**	**2009**
Profit before taxes and share in profit from associated companies	**85,161**	**76,822**
Taxes on the profit calculated at the rate of 33.99 %	**28,954**	**26,112**
Tax impact of non deductible expenses	2,110	1,679
Tax impact of non taxable revenues	(507)	(3,405)
Tax credit and impact on notional interests	(12,013)	(8,711)
Other taxable revenues	1,129	1,614
Effect of different tax rate of subsidiaries acting in other legal environments	(1,894)	(2,429)
Tax impact of the use of losses not recognized previously	(3,999)	(1,107)
Tax impact of current and deferred tax adjustments related to prior years	(1,112)	400
Tax impact of deferred tax assets on losses of the year not recognized	7,086	6,223
Deferred taxes calculated on the definitively taxed incomes	0	(2,914)
Tax charge and effective tax rate of the exercise	**19,754**	**17,462**
	23.2%	**22.7%**

The tax charges amount to 19,754 thousand Euro at 31 December 2010 (December 2009: 17,462).
The effective tax rate is 23.2% (December 2009: 22.7%).

This tax rate is lower than the theoretical tax rate (33.99%) which is mainly due to the fact of lower tax rate for foreign subsidiaries and to the use of previously non recognized losses.

Deferred tax assets and liabilities recognized

	Assets		Liabilities	
(in thousand Euro)	**2010**	**2009**	**2010**	**2009**
(In) tangible assets	333	0	(30,747)	(27,838)
Employee benefits	4,417	4,848	(38)	(41)
Provisions	232	246	(6,874)	(6,597)
Fair value adjustments on derivatives	500	1,785	0	0
Other items	38,913	35,266	(30,615)	(28,759)
Tax losses/credits	59,700	65,861	0	(274)
Gross deferred taxes assets/(liabilities)	**104,095**	**108,006**	**(68,274)**	**(63,509)**
Write-off on deferred taxes assets	(36,722)	(43,427)	0	0
Tax compensation	(60,340)	(60,980)	60,340	60,980
Net deferred taxes assets/(liabilities)	**7,033**	**3,598**	**(7,934)**	**(2,529)**

The reported fiscal losses for which no deferred taxes assets have been recognized amounts to 36,722 thousand Euro.

Temporary differences or tax losses for which no deferred tax assets is recognized

Deferred taxes assets have not been recognized in the cases of it is not certain that a future taxable profit would be sufficient to allow the subsidiaries to recover their tax losses.

Defferd tax income (charge) directly recognised in equity

(in thousand Euro)	**2010**	**2009**
Deferred tax on revaluation surplus on the effective part of fair value changes in cash flow hedge	501	892
Total	**501**	**892**

11. Profit per share

The basic result per share is the same as the diluted result per share due to the absence of potential dilutive ordinary shares in circulation. It is calculated as follow:

(in thousand Euro)	**2010**	**2009**
Net profit attributable to shareholders	63,296	61,728
Number of ordinary shares at the end of the period	13,092,260	13,092,260
Weighted average of the number of ordinary shares	13,092,260	13,092,260
Basic (diluted) profit by share in Euro	**4.83**	**4.71**

12. Intangible assets other than goodwill

Exercise 2010

(in thousand Euro)	**Concessions, patents and licenses**	**Development costs**	**Total**
Acquisition costs			
Balance at the end of the previous period	9,833	1,192	11,025
Effect of foreign currency fluctuations	169	61	230
Acquisitions through business combinations	191	0	191
Acquisitions	3,891	276	4,167
Disposals	(1,822)	(141)	(1,963)
Transfers from one heading to another	2	0	2
Change in consolidation scope	(1)	0	(1)
At the end of the period	**12,263**	**1,388**	**13,651**
Depreciations and impairment			
Balance at the end of the previous period	(3,711)	(401)	(4,112)
Effect of foreign currency fluctuations	(18)	0	(18)
Acquisitions through business combinations	(933)	(10)	(943)
Acquisitions through business combinations	(124)	0	(124)
Depreciations of the period			0
Disposals	180	119	299
Transfers from one heading to another	(2)	0	(2)
Change in consolidation scope	1	0	1
At the end of the period	**(4,607)**	**(292)**	**(4,899)**
Net carrying amount			
At January, 1st 2010	**6,122**	**790**	**6,913**
At December, 31 2010	**7,656**	**1.096**	**8,752**

Exercise 2009

(in thousand Euro)	Concessions, patents and licenses	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	(81)	(24)	(105)
Effect of foreign currency fluctuations	302	-	302
Acquisitions	1,071	502	1,573
Disposals	(19)	(76)	(95)
Transfers from one heading to another			
Change in consolidation scope			
At the end of the period	**9,833**	**1,192**	**11,025**
Depreciations and impairment			
Balance at the end of the previous period	(2,958)	(464)	(3,422)
Effect of foreign currency fluctuations	12		12
Depreciations of the period	(738)	(9)	(747)
Amortizations	(46)		(46)
Disposals	20	71	91
Transfers from one heading to another			
Change in consolidation scope			
At the end of the period	(3,710)	(402)	(4,112)
Net carrying amount			
At January, 1st 2009	**5,603**	**327**	**5,929**
At December, 31 2009	**6,122**	**790**	**6,913**

The total of intangible assets acquired amounts to 4,167 thousand Euro and is mainly related to licenses and software expenses. Amortizations on intangible assets are recognized under heading “depreciations” in the statement of comprehensive income.

Amortizations on intangible assets amount to 943 thousand Euro.

All the intangible assets responding to the IAS 38 definitions – Intangible assets are recognized if and only if future economic benefits are probable.

13. Goodwill

(in thousand Euro)	2010	2009
Acquisition costs		
Balance at the end of the previous period	**31,483**	**29,076**
Acquisitions through business combinations	-	2,407
Other variations	2,102	-
Balance at the end of the period	**33,585**	**31,483**
Depreciations and impairment		
Balance at the end of the previous period	**(5,692)**	**(1,159)**
Impairment of the period	-	(4,533)
Balance at the end of the period	**(5,692)**	**(5,692)**
Net carrying amount		
At December, 31	**27,893**	**25,791**

The non-allocated goodwill of 2,102 thousand euro relates to the acquisitions through business combinations at DEME, herself a joint venture of CFE.

The following assumptions have been considered for the test of impairment:

Activity	Goodwill net value		Parameters of the model applied to the projections of cash flows				Impairment losses accounted during the exercise
	2010	2009	Growth rate	Growth rate (terminal value)	Discount rate	Sensitivity rate	
Druart	1,292	1,292	0%	0%	8.63%	5%	
Stevens	2,682	2,682	0%	0%	8.63%	5%	
VMA	11,115	11,115	0%	0%	8.63%	5%	
EVDM	1,660	1,660	0%	0%	8.63%	5%	
Amart	911	911	0%	0%	8.63%	5%	
Others	292	292	0%	0%	8.63%	5%	
Sub-consolidation DEME	9,941	7,839	0%	0%	8.63%	5%	

The treasury flows used for the test of impairment come from the three year plans presented to the executive committee; no growth rate has been applied for the previous years, or in determining the terminal value.

An analysis on the sensitivity has been performed by changing the treasury flows and the WACC by 5%. The value of the entities being always higher than the accounted value even with goodwill taking into account, no depreciation had been detected.

The DEME group, a joint venture detained at 50% by CFE, is considered as a cash generating unit.
No impairment loss has been identified in it. The DEME group also performs impairment tests at its level and no impairment losses were revealed.

14. Property, plant & equipment

Exercise 2010

(in thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Other tangible assets	Under construction	Total
Acquisition cost						
Balance at the end of the previous period	**37,326**	**992,169**	**44,988**	**0**	**121,247**	**1,195,730**
Effect of foreign currency fluctuations	266	5,433	249	0	4	5,952
Acquisitions through business combinations	10,855	10,802	212	0	0	21,869
Acquisitions	4,520	77,714	4,147	0	132,717	219,098
Transfers from one asset to another	6,900	42,848	(2,509)	0	(43,457)	3,782
Disposals	(4,064)	(57,373)	(6,481)	0	(1,283)	(69,201)
Change in the consolidation scope	0	17,511	180	0	23	17,714
Balance at the end of the year	**55,803**	**1,089,104**	**40,786**	**0**	**209,251**	**1,394,944**
Depreciations & impairment						
Balance at the end of the period	**(20.489)**	**(539.063)**	**(35.320)**	**0**	**0**	**(594.872)**
Balance at the end of the period	(20,489)	(539,063)	(35,320)	0	0	(594,872)
Effect of foreign currency fluctuations	(74)	(2,654)	(166)	0	16	(2,878)
Acquisitions through business combinations	(205)	(128)	(187)	0	0	(520)
Depreciations	(1,530)	(85,434)	(3,897)	0		(90,862)
Impairments					(1,751)	(1,751)
Transfers from one asset to another	46	(1,612)	1,266	0	0	(300)
Disposals	1,002	55,686	6,063	0	0	62,751
Change in the consolidation scope	0	(15,889)	(154)	0	0	(16,043)
Balance at the end of the period	**(21,250)**	**(589,094)**	**(32,395)**	**0**	**(1,735)**	**(644,474)**
Net carrying amount						
At January, 1 2010	**16,837**	**453,106**	**9,668**		**121,247**	**600,858**
At December, 31 2010	**34,553**	**500,010**	**8,391**	**0**	**207,516**	**750,470**

At December 31, 2010, the acquisitions of tangible assets amount to 219,098 thousand Euro, and are mainly related to DEME (203,988 thousand Euro, 93% of total investments) resulting from the execution of the multi-annual investment strategy whereas the amounts of the involved investments amounts to 378 millions Euro. Payments related to these fixed assets amounts to 220,511 thousand Euro for the year 2010. The investments for the year 2010 increased by 30,581 thousand Euro compared to 2009. This is mainly related to DEME. The CAPEX of tangible assets in building amounts for 2.5 millions Euro and are related to interest on loans specifics to the building of boats for DEME.

The depreciation of tangible fixed assets amounted to 92,613 thousand Euro (2009: 81,388 thousand Euro)

The amount of properties, plants, and equipments constituting a guarantee for some borrowing comes to 302,713 thousand Euro (2009: 146,447 thousand Euro).

CFE took the decision, due to the political situation in Tunisia and the stop of the work, to depreciate the assets under construction of the joint project of promotion and concession of the port of Bizerte. This depreciation amounts to 5,802 thousand Euro and is presented under the heading «depreciation" of the consolidated statement of comprehensive income.

This depreciation is accounted in the following way in the assets:
- Tangible assets : - 1,751 thousands of Euros
- Buildings : - 4,051 thousands of Euros

Exercise 2009

(in thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Other tangible assets	Under construction	Total
Acquisition cost						
Balance at the end of the previous period	**36,072**	**876,584**	**43,162**	**-**	**74,108**	**1,029,926**
Effect of foreign currency fluctuations	(149)	(982)	(91)		353	(869)
Acquisitions through business combinations	81	352	750			1,183
Acquisitions	1,514	74,566	3,993		108,443	188,516
Transfers from one asset to another	(25)	61,091	(181)		(61,028)	(143)
Disposals	(167)	(19,442)	(2,645)		(629)	(22,883)
Change in the consolidation scope						
Balance at the end of the year	**37,326**	**992,169**	**44,988**	**-**	**121,247**	**1,195,730**
Depreciations & impairment						
Balance at the end of the period	(18,986)	(477,252)	(32,844)			(529,082)
Effect of foreign currency fluctuations	(71)	388	101			418
Acquisitions through business combinations	(15)	(258)	(473)			(746)
Depreciations	(1,442)	(75,486)	(4,460)			(81,388)
Transfers from one asset to another	25	(27)	145			143
Disposals		13,572	2,211			15,783
Change in the consolidation scope						
Balance at the end of the period	**(20,489)**	**(539,063)**	**(35,320)**	**-**	**-**	**(594,872)**
Net carrying amount						
At January, 1 2009	**17,086**	**399,332**	**10,318**	**-**	**74,108**	**500,844**
At December, 31 2009	**16,837**	**453,106**	**9,668**		**121,247**	**600,858**

15. Property investments

(in thousand Euro)	Gross Value	Depreciations	Net Value
Net carrying amount at January 1, 2010	**20,026**	**(6,720)**	**13,306**
Effect of foreign currency fluctuations	(123)	3	(120)
Depreciations / reversal		(617)	(617)
Impairment / reversal		(4,051)	(4,051)
Acquisitions	11,567		11,567
Disposals	(1,355)	47	(1,308)
Transfers between property investment, buildings in inventory and used by the owner	(8,117)	17	(8,100)
Net carrying amount at December 31, 2010	**21,998**	**(11,321)**	**10,677**

As at December 31, 2010, the property investments presented on the statement of financial position for 10,677 thousand Euro (2009: 13,306 thousand Euro) and have an estimated fair value of 10.677 thousand Euro (2009: 13,223 thousand Euro).

The decrease of the net book value compared to December 31, 2009 (2,629 thousand Euro) is due to the impairment on investment for the development of complex real estate Bizerte Cap 3000 and by setting stocks buildings built in a process of production (-8,100 thousand Euro) .

Investment properties are amortized by applying the same rules as for tangible assets.

(in thousand Euro)	Gross Value	Depreciations	Net Value
Net carrying amount at January 1, 2009	**12,368**	**(6,713)**	**5,655**
Effect of foreign currency fluctuations	(76)	(4)	(80)
Depreciations and impairment / reversal		(3)	(3)
Acquisitions	8,261	-	8,261
Disposals	(527)		(527)
Transfers between property investment, buildings in inventory and used by the owner	-	-	-
Net carrying amount at December 31, 2009	**20,026**	**(6,720)**	**13,306**

16. Investments in associated and joinly controled entities

Associated entities

Interests in associated entities are detailed as follow:

(in thousand Euro)	2010	2009
Balance at the end of the previous period	**8,432**	**5,831**
Change of the accounting policies	0	15
Balance at the end of the previous period restated	8,432	5,846
Acquisitions and transfers	6,729	1,088
Share of the group in the result after taxes and minorities	(23)	2,623
Reduction in capital	(977)	(91)
Dividends	0	(1,034)
Depreciation	(61)	
Balance at the end of the period	**14,100**	**8,432**
Goodwill included in associated companies	**65**	**126**

All the entities in which the group CFE has a significant influence are consolidated by the equity method of accounting. The group CFE does not held associated companies quoted on a public stock exchange.

The most significant entities are Locorail NV and Coentunnel Company BV. The list of companies is presented in the note 35. There was no acquisition or cession of associated companies. The amounts presented in the acquisitions result from the capital increase of C-Power, an associated company belonging to the group DEME. The capital decrease has been done by the company Investissements Léopold by refund of share holders.

The condensate financial statements of these entities are detailed as follow:

(in thousand Euro)	2010	2009
Total assets	964,589	433,761
Total liabilities	918,787	446,733
Net assets	**45,802**	**(12,972)**
Share in the net asset of the group CFE	**4,206**	**(5,319)**
Incomes	**347,739**	**225,356**
Net result of the year	**(1,529)**	**3,128**
Share in the net result of the year	**(23)**	**2,623**

Jointly controlled entities

The group CFE reports its interests in jointly controlled entities (including temporary companies) by using a reporting format line by line for the proportionate method of consolidation.

The total amounts of the interests of the group CFE in the consolidated financial statements are detailed as follow:

(in thousand Euro)	2010	2009
Total non current assets	657,743	515,636
Total current assets	488,561	524,390
Total non current liabilities	606,602	470,959
Total current liabilities	539,702	569,067
Operating incomes	**1,222,614**	**950,592**
Operating charges	**(1,078,342)**	**(866,423)**

The most significant jointly controlled entities are detailed in the note 35. The equity of these entities is included in the heading “total non current liabilities” and amounts to 265,740 thousand Euro. In addition, the group CFE sets up temporary companies for the execution of some markets with associated companies. The most significant are JV Dialink, JV Locobouw, Coentunnel Construction VOF and Combinatie Crommelijn VOF.

17. Other non current financial assets

The other non current financial assets amount to 25,324 thousand Euro as per December 31, 2010 (2009: 14,824 thousand Euro). Other non current financial assets include primarily the non-eliminated part of subordinated loan in projects 24,819 thousand Euro and investments available for sale (505 thousand Euro).

(in thousand Euro)	2010	2009
Balance at the end of the previous period	**14,824**	**14,881**
Change in consolidation method	0	(4,510)
Acquisitions	12,436	10,488
Disposals and transfers	(1,951)	(6,409)
Write-off	5	369
Change in the consolidation scope	15	7
Effect of foreign currency fluctuations	(5)	(2)
Balance at the end of the period	**25,324**	**14,824**

The non current financial assets have increase compared to December 2009 (+ 10,500 thousand Euro). This reflects development project of wind turbines in the North Sea, the project Bizerte and a net increase of non current financial assets in the real estates and Holding segments.

The group CFE does not held investments available for sale quoted on a public stock exchange. For not quoted investments, fair value is considered equal to the cost.

18. Other non current assets

As per December 31, 2010 the other non current assets amount to 9,859 thousand Euro and include non current receivables detailed as follow:

(in thousand Euro)	**2010**	**2009**
Non current receivables Forem	1,890	2,323
Non current receivables – Current accounts DEME	2,745	0
Other non current receivables (including guarantees bank deposits)	5,224	4,451
Total consolidated	**9,859**	**6,774**

19. Construction contracts

The amount of incurred costs increased by profits and decreased by recognized losses as well as by progress billing is determined by contract.

(in thousand Euro)	**2010**	**2009**	**2008**
Cumulated costs entered in contracts	1,953,224	1,355,717	1,877,660
Profits and losses	56,454	26,988	60,807
Total at the end of the period	2,009,678	1,382,705	1,938,467
Progress billings	1,995,035	1,358,454	1,913,856
Net amount due by the clients	14,643	24,251	24,611
Which:			
Excess of costs incurred and profits and losses on progress billings	44,939	50,222	70,547
Excess of progress billing over costs incurred and profits and losses	(30,296)	(25,971)	(45,936)
Advances received - construction contracts	(89,229)	(65,826)	(43,114)

The “Gross amount due by the clients” and the “Gross amounts due to the clients” include the “still to be invoiced” part of the headings: “trades receivables and other operating receivables” and “trades payables and other operating payables” from the financial statements. Furthermore, these headings include “other current assets” and “other current liabilities” related to the work sites in progress.

The excess of progress billing over incurred losses and profits include on the one hand, the portion of unbilled contract costs under « Trade payables and other liabilities » of the financial situation, and this second hand, the surplus on construction sites included in « other current liabilities »

The advances received on construction contracts are not included in the amount of progress billings used to determine the gross amount due from customers or to customers. These advances are included under “other current liabilities”. The increase is mainly explained by advance received on dredging and environmental contracts.

The amount of retention payments made by customers is of 7,037 thousand Euro included in «receivables Trade and other receivables» (see note 28.6)

Currently, the group CFE is in negotiation with its subcontractors to solve in a friendly and simultaneous way the claims relating to the overcosts and the possible application of penalties on an important working site in Luxemburg. Taking into account the uncertainty of this negotiation and consequently the uncertainty of any additional profit and losses that could result from this, no provision or additional revenue has been recognized on this site. The group CFE estimates, on the basis of current information, that the risk of an additional outflow is very low.

20. Inventories

As per December 31, 2010 the stocks amount to 160,566 thousand Euro (2009: 147,060 thousand Euro) and are detailed as follow:

(in thousand Euro)	**2010**	**2009**
Raw materials and consumables	15,204	13,319
Depreciations on raw materials and consumables	(725)	(725)
Finished products and properties held for sale	149,254	136,758
Depreciations on finished products	(3,167)	(2,292)
Stocks recognized at net realizable value	**160,566**	**147,060**

The evolution of the heading “raw materials and consumables” is explained by the entry in the consolidation scope of companies of group Terryn.

As per December 31, 2010, no depreciation on “raw materials and consumables” has been recognized.

The increase in the heading finished products is particularly explained by the continuity of execution of some real estate projects.

On December 31, 2010, 857 thousand Euro of decrease of value on real estate held for sale were recorded in the income statement (see note 6) to bring them back to their realizable value

21. Trade receivables and payables and other operating receivables and payables

(in thousand Euro)	**2010**	**2009**
Trade receivables	499,486	543,585
Minus: provision doubtful debtors	(10,711)	(9,621)
Net trade receivables	488,775	533,964
Other current trade receivables	172,517	140,363
Total consolidated	661,292	674,327
Other current assets	28,978	38,148
Trade payables and other operating debts	43,299	548,172
Other current liabilities	242,215	271,073
Consolidated total of trade payables and other operating debts	**785,514**	**819,245**
Net situation of trade receivables and payables	**(95,244)**	**(106,770)**

We refer to the note 27 for the credit risk analyze.

22. Cash and cash equivalents

(in thousand Euro)	2010	2009
Short term bank deposits	78,140	91,853
Cash at bank and in hand	97,378	78,693
Cash and cash equivalent	**175,518**	**170,546**

The short-term bank deposits concern placements in financial institutions with duration of maximum 3 months. These investments are subject to a variable remuneration, which is mainly related to Euribor or Eonia.

23. Grants

In 2010, the group CFE received no grants.

24. Employee benefits

The group CFE participates to benefit plans and pre-pension plans in many countries where the group operates its activities. These benefits are recognized in compliance with IAS 19 and considered as "post-employment" and "long-term benefit plans". At December 31, 2010 the net debt of the obligations of the group CFE for "post employment benefits" and for pension and pre-pension plans amounted to 14,100 thousand Euro (2009: 14,201 thousand Euro).

These amounts are disclosed in the heading "Pensions and non-current employee benefits". This heading includes also a provision for 3,684 thousand Euro (2009: 3,553 thousand Euro) at the level of the group DEME for share-based payments. These plans are considered as cash based.

Debt related to the obligations of defined benefit plans and pre-pensions

(in thousand Euro)	Defined plans 2010	Pre-pensions 2010	Defined plans 2010	Pre-pensions 2009
Contante Present value of funded benefit plans	(59,695)		(63,078)	
Fair value of plan assets	49,052		52,017	
Present value of net obligations funded	**(10,643)**		**(11,061)**	
Present value of not funded benefit plans	(1,569)	(805)	(2,365)	(847)
Present value of net obligations	**(12,212)**		**(13,426)**	
Unrecognized actuarial gain/losses	(1,082)		(93)	
Net assets / (liabilities) recognized at statement of financial position	**(13,294)**	**(806)**	**(13,519)**	**(847)**
Liability amount recognized at the statement of financial position	**(13,294)**	**(806)**	**(13,519)**	**(847)**

Movement in the net liability recognized in the statement of financial position for defined benefit plans and pre-pensions

(in thousand Euro)	2010	2010	2009	2009
Net assets/(liabilities) at January, 1st	**(13,519)**	**(847)**	**(13,266)**	**(1,191)**
Fusion/acquisition of plans	(270)		(5)	
Change in the consolidation scope	0			
Contributions paid	4,862		5,003	
Expense recognized in the statement of comprehensive income	(3,285)	41	(5,251)	344
Not recognized actuarial gains/(losses)	(1,082)			
Net assets/(liabilities) at December, 31	**(13,294)**	**(806)**	**(13,519)**	**(847)**

Expense recognized in the statement of comprehensive income related to defined benefit plans

(in thousand Euro)	2010	2009
Current service cost	2,149	3,314
Interest charge on obligations	2,916	3,247
Expected return on plan assets	(1,864)	(1,867)
Actuarial gain/(losses)	73	537
Other	11	(171)
Total	**3,285**	**5,060**

Costs of pension plans for the period are included into the following heading of the statement of comprehensive income: "Wages, salaries & social charges".

Plan assets neither include financial instruments of the group CFE nor any real estate used by the fund or used by the group CFE.

Movement in the net present value of the obligations related to the defined benefit plans

(in thousand Euro)	2010	2009
Present value of the obligations at January 1st	63,077	58,155
Current service cost	2,149	3,314
Interest on obligations	2,916	3,247
Amounts paid	(4,862)	(2,948)
Actuarial gains/(losses)	(2,438)	93
Contribution of employees	422	693
Transfers in/out	0	524
Present value of the obligations at December 31	**61,264**	**63,078**

Movement in the fair value of the assets plan

(in thousand Euro)	**2010**	**2009**
Fair value of the assets plan at January 1st	52,018	47,555
Expected return of the assets plan	2,194	1,407
Contribution of the employer	3,986	5,003
Contribution of the employee	613	693
Amounts paid	(4,862)	(2,640)
Transfers in/out		0
Actuarial gains/(losses)	(4,897)	0
Fair value of the plan assets at December 31	**49,052**	**52,018**

Main actuarial assumptions at the end of the period (expressed in weighted averages)

	2010	**2009**
Discounting rate at 31 December	4.35%	5.10%
Expected rate of return of assets plan at 31 December	4.00%	3.95%
Forecasted rate of salary increase	3.40% < 60 years	3.90% < 60 years
	and 1.90% > 60 years	and 1.90% > 60 years
Inflation rate	1.90%	1.90%

The discounted rate at the end of 2010 is lower than the one applied in 2009. This is explained by the evolution of credit rates on the financial markets.

The sensitivity analyze indicates that an increase in the discount rate by 25 basis points would reduce the present value of the obligations by 2.3% and the current service cost by 1.7%.

This sensitivity analyze also indicates that an increase in the inflation rate by 25 basis points would increase the present value of the obligations by 0.7% and the current service cost by 5.5%.

25. Provisions other than pensions and non current employee benefits

As per December 31, 2010 these provisions amount to 58,332 thousand Euro, which represents an increase of 2,228 thousand Euro compared to end 2009 (56,104 thousand Euro).

(in thousand Euro)	**Termination losses**	**After-sale service**	**Other current risks**	**Other non current risks**	**Total**
Balance at the end of the previous period restated	**18,890**	**8,526**	**26,390**	**2,298**	**56,104**
Effect of foreign currency fluctuations	(6)	(4)	57		47
Actualisation effect			4	10	14
Transfer from one heading to another			(5,366)	8,767	3,401
Provisions recognized	8,785	1,872	4,150	4,884	19,691
Provisions used	(9,046)	(861)	(7,722)	(2,415)	(20,044)
Provisions reversed	(806)	(75)			(881)
Closing balance	**17,817**	**9,458**	**17,512**	**13,545**	**58,332**

of	which current:	44,787
	non current:	13,545

The provision for termination losses decreased by 1,073 thousand Euro and amounts to 17,817 thousand Euro at the end of 2010. Provisions for termination losses are accounted for when the expected financial benefits of some contracts are less than the inevitable costs attendant on compliance with their obligations. The use of termination losses is related to the performance of the relevant contracts.

The provision for after-sales service increased by 932 thousand Euro and amounts to 9,458 thousand Euro at the end of 2010. The change at the end of 2010 is explained by the recognition or/and the reversal of provisions for decennial guarantee.

Provisions for other current liabilities decreased by 8,878 thousand euros and amounted to 17,512 thousand Euro at end 2010. These include the current litigation reserves (5,701 thousand Euro), including a provision for risks on a major project in Luxembourg, the provision for remaining work (1,621 thousand Euro), provisions for social risks (5 thousand Euro) and provisions for other current liabilities (10,184 thousand Euro). For the latter, since negotiations with customers are underway, we can not give more information on the assumptions, nor the probable time of disbursement.

The other non-current risks include the provisions for restructuring and for other risks not directly related to the operating cycle of the building sites in progress.

26. Possible assets and liabilities

According to available information, we do not have assets or liabilities between the closing date and the date the financial statements were approved by the Board, with the exception of assets or liabilities related to contracts Construction (for example, the group claims to customers or the claims of subcontractors), what can be described as normal in the construction sector.

27. Information related to the net financial debt

27.1. The net financial debt, as defined by de group, is analyzed as follow:

(in thousand Euro)	31/12/2010 Non-current	31/12/2010 Current	31/12/2010 Total	31/12/2009 Non-current	31/12/2009 Current	31/12/2009 Total
Bank loans and other financial debt	(216,283)	(70,611)	(286,894)	(170,814)	(51,302)	(222,116)
Credit lines used	(49,851)	-	(49,851)	(38,851)		(38,851)
Loans related to finance lease	(17,969)	(4,506)	(22,475)	(18,417)	(4,995)	(23,412)
Total long term financial debts	**(284,103)**	**(75,117)**	**(359,220)**	**(228,082)**	**(56,297)**	**(284,379)**
Short term financial debts	-	(64,547)	(64,547)	-	(38,455)	(38,455)
Short term bank deposits	-	78,140	78,140	-	91,853	91,853
Cash at bank and in hand	-	97,378	97,378	-	78,693	78,693
Total short term net financial debt (or availabilities)	**-**	**110,971**	**110,971**	**-**	**132,091**	**132,091**
Total net financial debt	**(284,103)**	**35,854**	**(248,249)**	**(228,082)**	**75,794**	**(152,288)**
Derivatives - interest rate hedge	**(6,420)**	**(1,711)**	**(8,131)**	**(3,909)**	**(2,652)**	**(6,651)**

Of the total longterm financial debt, 55 million were not subject to a pledge or a mortgage.

27.2. Financial debt maturity

(in thousand Euro)	Due within the year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Total
Bank loans and other financial debt	(70,611)	(64,378)	(46,132)	(71,373)	(34,371)	(29)	(286,894)
Credit lines used	-	(35,000)	(14,841)	-	-	-	(49,851)
Loans related to finance lease	(4,506)	(4,130)	(3,122)	(3,474)	(7,163)	(80)	(22,475)
Total long term financial debt	**(75,117)**	**(103,508)**	**(64,105)**	**(74,847)**	**(41,534)**	**(109)**	**(359,220)**
Short term financial debts	(64,547)	-	-	-	-	-	(64,547)
Short term bank deposits	78,140	-	-	-	-	-	78,140
Cash at bank and in hand	97,378	-	-	-	-	-	97,378
Total short term financial debt	**110,971**	**-**	**-**	**-**	**-**	**-**	**110,971**
Total net financial debt	**35,854**	**(103,508)**	**(64,105)**	**(74,847)**	**(41,534)**	**(109)**	**(248,249)**

The present value of the finance lease obligations amounts to 4,506 thousands Euro (2009: 4,995 thousand Euro). These finance lease contracts mainly relate to DEME, the premises of the subsidiary Louis Stevens & Co NV and the buildings and machines Group Terryn and its affiliates.

27.3. Credit lines and long terms bank loans.

The group CFE (excluding DEME) disposes at December 31, 2010 of 100 million Euro credit facility (“Club Deal” signed in April 2008) of which €15 million used at end of December 2010, due in April 2013.

Moreover, the group CFE disposes at December 31, 2010 of confirmed bank credit lines for 8.7 million Euro of which 5 million Euro used at end of December 2010.

As far as the financing of the construction of the railway axis between Zaventem and Antwerp is concerned, the group CFE obtained a revolving credit line of 40 million Euro of which 33 million Euro utilised at the end of 2010.

The bank loans and other financial debts mainly relate to DEME or real estate projects credit facilities and are without recourse against CFE

27.4. Financial covenants

The syndicated loan at the International Finance Center CFE is subject to specific covenants which are taking into account the financial in debts and its relation with the equity or the fixed assets as well as the generated cash-flow. These covenants are fully respected.

28. Informations relative to the financial risk management

28.1. Interest rate risk

The interest rate risk management is insured within the group by making a distinction between concessions, property management, holding, construction activities, multitechnical activities and dredging (DEME).

As far as the concessions and the real estate and management services are concerned, the interest rate risk management is performed considering two horizons:
On the one hand, a long-term horizon to secure and optimize the economic balance of the concession, and on the other hand, a short term horizon to optimize the average cost of debt. Derivative products are used such as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal at maximum the same notional amounts and the same due dates as the hedged debts. From an accounting point of view, these products are qualified as hedging operations.

As far as dredging is concerned, the group CFE, through its subsidiary DEME, has to face important financings in the context of the dredges investments. The objective is to reach an optimal balance between the financing cost and the volatility of the financial results. DEME uses derivative instruments as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal generally the same notional amounts and generally have the same due dates as the hedged debts. From an accounting point of view, these products will not always be qualified as hedging operations.

The construction, multitechnical and holding activities are characterized by an excess of cash which partially compensate the property commitments. The management is mainly centralized through the cash pooling.

Effective average interest rate *before* considering derivative products

	Fixed rate			Floating rate			Total		
Type of debts	**Amounts**	**Quota**	**Rate**	**Amounts**	**Quota**	**Rate**	**Amounts**	**Qouta**	**Rate**
Bank loans and other financial debts	16,021	41.62%	4.715%	270,873	84.46%	2.032%	286,894	79.87%	2.180%
Credit line used	-	0.00%	0.00%	49,851	15.54%	1.933%	49,851	13.88%	1.933%
Loans related to finance lease	22,475	58,38%	4.374%	-	0.00%	0.00%	22,475	6.26%	5.31%
Total	**38,496**	**100.00%**	**5.064%**	**32,724**	**100.00%**	**2.017%**	**359,220**	**100.00%**	**2.341%**

Effective average interest rate *after* considering floating derivative products

	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
Type of debts	**Amounts**	**Quota**	**Rate**	**Amounts**	**Quota**	**Rate**	**Amounts**	**Quota**	**Rate**	**Amounts**	**Quota**	**Rate**
Bank loans and other financial debts	234,020	80.32%	3.538%	52,874	100.00%	1.421%	0	0.00%	0.00%	286,894	79.86%	3.148%
Credit line used	34,851	11.96%	5.345%	0	0.00%	0.00%	15,000	100.00%	2.001%	49,851	13.88%	4.339%
Loans related to finance lease	22,475	7.72%	5.308%	0	0.00%	0.00%	0	0.00%	0.00%	22,475	6.26%	5.308%
Total	**291,346**	**100.00%**	**3.891%**	**52,874**	**100.00%**	**1.421%**	**15,000**	**100.00%**	**2.001%**	**359,220**	**100.00%**	**3 451%**

28.2. Sensibility to the interest rate risk

The group CFE is subject to the risk of interest rates fluctuation on its result considering:

- cash flows relative to financial instruments at floating rate after hedging ;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result ;
- derivative instruments non qualified as hedge.

Nevertheless, the variation in the value of derivatives qualified as cash flow hedges does not impact directly the profit& loss accounts and is accounted for in equity.

The following analysis is performed by supposing that the amount of financial debts and derivatives as per December 31, 2010 is constant over the year.

A variation of 50 basis points in interest rate at the closing date would have had as consequence an increase or a decrease of the equity and result for the amounts indicated here below. For the needs of the analysis, the other parameters have been supposed constant.

31/12/2010	**Result**		**Equity**	
(thousand Euro)	**Impact of the sensitivity calculation + 50 bp**	**Impact of the sensitivity calculation - 50 bp**	**Impact of the sensitivity calculation + 50 bp**	**Impact of the sensitivity calculation - 50 bp**
Non current debts (+portion due within the year) with variable rate after accounting hedge	(261)	261	-	-
Net short term Financial debt (*)	323	(323)	-	-
Derivatives not qualified as hedge	191	(197)	-	-
Derivatives qualified as highly potential or certain cash flow			1,786	(1,113)

(*) out of cash at bank and in hand

28.3. Description of cash flow hedge operations

Instruments qualified as cash flow hedges at the closing date have the following characteristics:

For construction, multitechnical, property and holding activities:

31/12/2010

(thousand Euro)	**< 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**> 5 years**	**Notional**	**Fair value asset**	**Fair value liability**
Swap of interest rate receive floating rate and pay fixed rate	26,000	-	-	-	26,000	74	
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable: estimated cash flow	**26,000**	**-**	**-**	**-**	**26,000**	**74**	
Swap of interest rate receive floating rate and pay fixed rate	59,000	2,000	3,000	-	64,000	7	(1,149)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	**59,000**	**2,000**	**3,000**	**-**	**64,000**	**7**	**(1,149)**

31/12/2009

(thousand Euro)	**< 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**> 5 years**	**Notional**	**Fair value asset**	**Fair value liability**
Swap of interest rate receive floating rate and pay fixed rate	26,000	-	-	-	26,000	-	(1,979)
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable: estimated cash flow	**26,000**	**-**	**-**	**-**	**26,000**	**-**	**(1,979)**
Swap of interest rate receive floating rate and pay fixed rate	26,000	-	39,000	-	39,000	-	(156)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	**26,000**	**-**	**39,000**	**-**	**65,000**	**-**	**(156)**

For dredging activities

31/12/2010

(thousand Euro)	< 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate		250	23,739		23,989		(430)
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable : estimated cash flow		**25**	**23,739**		**23,989**		**(430)**
Swap of interest rate receive floating rate and pay fixed rate	54,535	97,343	69,527	33,655	255,060	210	(6,878)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	**54,535**	**97,343**	**69,527**	**33,655**	**255,060**	**210**	**(6,878)**

31/12/2009

(thousand Euro)	< 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate	1,574	12,416	64,323	173,710	252,023	26	(4,402)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	1,574	12,416	64,653	173,710	252,023	26	(4,402)

28.4. Exchange rate risks

Nature of the risks at which the group is exposed

The group CFE and its subsidiaries does not practice a hedge on foreign exchange rates for its construction, property and multitechnical activities as their markets are mainly situated within the euro zone. DEME practices exchange rate hedges taking into account the international character of the activity and the execution of markets in foreign currency.Currencies subjected to exchange risk are listed in note 2.
When exchange rate risk related to a risk exposure at operational level would occur, the group policy consists in limiting the exposure to the fluctuation of foreign currencies.

Repartition of the long term financial debts by currency

The outstanding debts (without considering finance lease debts which are mainly in Euro) by currency are:

(thousand of Euro)	2010	2009
Euro	350,426	276,938
US Dollar	1,713	1,989
Other currencies	7,081	5,453
Total long term debts	**359,220**	**284,380**

The following table discloses the fair value and the notional amount of exchange rate instrument issued:

(thousand Euro)	Notional					Fair value				
	USD US Dollar	Other related to USD	GBP Pound	Other	Total	USD US Dollar	Other related to USD	GBP Pound	Other	Total
Forward purchase	87,536	(17,532)	9,594	244,514	324,112	632	636	(237)	(2,394)	(1,363)
Forward sale	-	-	-	-	-	-	-	-	-	-

The fair value variation of exchange rate instruments is considered as a construction costs and is recognized at the percentage of completion of the project to which the instruments are related to. This variation is presented as an operational result.

The group CFE, in particular through its subsidiary DEME, is exposed to exchange rate fluctuation risk on its result.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as per December, 31 2010 is constant over the year.

A variation of 5% of exchange rate (appreciation of the EUR) at closing date would have as a consequence an increase or a decrease of the equity and the result for the amounts disclosed here below. For the needs of the analysis, the other parameters have been supposed constant.

31/12/2010 *(thousand of Euro)*	**Result** Impact of sensitivity calculation depreciation of 5% of the EUR	Impact of sensitivity calculation appreciation of 5% of the EUR
Non current debts (+portion due within the year) with variable rate after accounting hedge	85	(82)
Net short term Financial debt	(52)	50
Working Capital	(1,130)	1,076

28.5. Risk related to raw materials

Raw materials and furniture incorporated into the works constitute an essential element of the cost price.

Although some markets include price revisions clauses or revision formulas and that the group CFE sets up, in some cases, hedges of furniture prices (gas-oil), the risk of price fluctuation of raw materials can not be completely excluded.

DEME is hedged against gas-oil fluctuations through the purchase of fuel options. The fair value variation of these instruments is considered as construction costs and is recognized at the percentage of completion of the project to which these instruments are related to. This variation is presented as an operating result.

The fair value of these instruments amounts to -1,713 thousand Euro at the end of 2010.

28.6. Credit and counterparty risk

The group CFE is exposed to credit risk in case of insolvency of its clients. It is exposed to the counterparty risk in the context of cash deposits, subscription of negotiable share receivables, financial receivables and derivative products.

In addition, the group CFE set up procedures in order to avoid and limit the concentration of credit risk.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME covers itself regularly through competent bodies in this matter (Office National du Ducroire).

Financial instruments

The group has defined a system of investment limits in order to monitor the counterparty risk. This system determines maximum amounts eligible for investment by counterparty defined according to their credit notations published by Standard & Poor's and Moody's.
These limits are regularly monitored and updated.

Customers

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that a large part of the consolidated sales is realized with public or para-public clients.
In addition, CFE considers that the concentration of the counterparty risk for clients is limited due to the large number of clients.

In order to reduce the current risk, the group CFE monitors regularly its outstanding clients and adapts its position towards them. The credit risk is however not totally eliminated, but is limited.

The analysis of the delay of payment at the end of 2010 and 2009 arises as follows:

As per December, 31 2010

(thousand of Euro)	**Closing**	**Of which late payment**	**< 3 months**	**> 3 & < 6 months**	**> 6 & < 12 months**	**> 1 year**
Customers – Invoiced incomes	492,449	182,559	70,310	26,941	24,557	60,751
Customers – Deduction of guarantee	7,037	3,772	694	1,325	27	1,726
Gross total	**499,486**	**165,826**	**71,004**	**28,266**	**4,079**	**62,477**
Prov. – Customers – Invoiced incomes	(10,436)	(10,436)			(2,253)	(8,183)
Prov. – Customers – Deduction of guarantee	(275)	(275)				(275)
Total provisions	**(10,711)**	**(10,711)**			**(2 ,253)**	**(8,458)**
Total net amounts	**488,775**	**175,620**	**71,004**	**28,266**	**22,331**	**54,019**

As per December, 31 2009

(thousand of Euro)	**Closing**	**Of which late payment**	**< 3 months**	**> 3 & < 6 months**	**> 6 & < 12 months**	**> 1 year**
Customers – Invoiced incomes	535,398	178,345	49,475	36,953	48,175	43,742
Customers – Deduction of guarantee	8,187	562			364	198
Gross total	**543,585**	**178,907**	**49,475**	**36,953**	**48,539**	**43,940**
Prov. – Customers – Invoiced incomes	(9,338)	(3,806)	(13)		(379)	(3,414)
Prov. – Customers – Deduction of guarantee	(283)	(283)				(283)
Total provisions	**(9,621)**	**(4,089)**	**(13)**		**(379)**	**(3,697)**
Total net amounts	**533,964**	**174,818**	**49,462**	**36,953**	**48,160**	**40,243**

The overdue amounts mainly relate to additional works and subsequent contracts modifications accepted by the customers, but that are still subject to budgetary inscriptions or that are part of a broader negotiations process.

28.7. Liquidity risk

The liquidity crunch and the difficulties to obtain credit at acceptable economical conditions are still actual concerns. CFE could keep its positions during the exercise by managing its treasury in an intransigent way. Information sessions designated for the 150 leading executives have been organised with the topics of the liquidity and the daily management of the treasury. Procedures for the treasury management have been updated and the managers of subsidiaries or branches are implicated in the treasury forecasts plan and in its good achievement.

28.8. Cost of net financial debt

(thousand of Euro)	**2010**	**2009**
Income from availabilities	4,418	4,000
Derivative instruments	(1,816)	(930)
Interest charges	(15,070)	(11,964)
Total consolidated	**(12,468)**	**(8,894)**

The evolution of interest charges reflect the evolution of the short term rates in 2010 compared to 2009.

28.9. Carrying amounts and fair value by accounting category

The following table indicates the carrying amounts and the fair value in the balance sheet for assets and liabilities by accounting categories defined following IAS 39:

31/12/2010	Financial instruments at fair value through the profit and loss account						
(thousand of Euro) instruments	Financial instruments held to maturity	Financial designated designated as being at fair value through the profit and losses account	Derivatives instruments as hedging instruments	Financial trade available for sales	Loans and and receivables	Assets de la classe liabilities at amortized cost	Fair value of the class
Non current financial assets			**210**	**505**	**34,678**	**34,678**	**35,393**
Investments (1)				505			505
Financial loans and trade receivables (1)					34,678	34,678	34,678
Interest rate derivatives – cash flow hedges			210				210
Current financial assets		**312**			**836,810**	**836,810**	**837,122**
Interest rate derivatives – non hedge		257					257
Trade and other receivables					661,292	661,292	661,292
Cash management financial assets		55					55
Cash equivalents (2)					78,140	78,140	78,140
Cash at bank and in hand (2)					97,378	97,378	97,378
Total assets		**312**	**210**	**505**	**871,488**	**871,488**	**872,515**
Non current financial debts		**9,783**	**6,777**		**284,104**	**284,104**	**300,664**
Financial debts					284,104	284,104	284,104
Interest rate derivatives – cash flow hedges			6,777				6,777
Other derivatives instruments		9,783					9,783
Current financial liabilities		**4,787**			**682,962**	**682,962**	**687,749**
Interest rate derivatives – highly probable projected cash flow hedges		430					430
Interest rate derivatives – cash flow hedges		1,281					1,281
Exchange rate derivatives – cash flow hedges		1,363					1,363
Other derivatives instruments – non hedge		1,713					1,713
Trade payables and other operating debts					543,299	543,299	543,299
Financial debts					139,663	139,663	139,663
Total liabilities		**14,570**	**6,777**		**967,066**	**967,066**	**988,413**

(1) Include in the headings "other non current financial assets" and "other non current assets"
(2) Include in the heading "cash and cash equivalents"

The carrying amounts are not significantly different from the fair value.

The fair value of derivatives is determined based on valuation models and interest rate futures or forward purchase price. ("level 3")

The fair value of derivatives was as follows:

28.10. Fair value measurements of financial assets by level

31 december 2010				
(thousand of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets			467	467
Non-derivative financial assets held for trading			55	55
Available-for–sale financial assets				
Redeemable notes				
Unlisted shares			505	505
Total			**1,027**	**1,027**
Financial liabilities at FVTPL				
Contingent consideration in a business combination			(9,783)	(9,783)
Other derivative financial liabilities			(11,564)	(11,564)
Financial liabilities designated at fair value through P&L				
Total			**(21,347)**	**(21,347)**

There was no transfer between levels in the period

28.11. Reconciliation of Level 3 fair value measurements of financial assets

31 december 2010			
(thousand of Euro)	Fair value through profit or loss	Available for sale	Total
31 december 2010	**235**	**550**	**785**
Total gains or losses:			
- in profit or loss	287		
- in other comprehensive income			
Reclassification /transfers		(35)	(35)
Purchases		85	85
Issues			
Disposals/settlements		(95)	(95)
31 December 2010	**522**	**505**	**1,027**

29. Operating leases

The non-cancellable operating leases of the group CFE are the followings:

(in thousand Euro)	**2010**	**2009**
Due within the year	4,239	6,931
More than 1 year but not higher than 5 years	7,846	10,499
More than 5 years	10,972	2,664
Total	**23,057**	**20,094**

30. Other commitments given

The total amount of commitments given other than guarantees for the period ending December 31, 2010 is 576,005 thousand Euro (2009: 446,500 thousand Euro) and is detailed by nature as follows:

- good execution (including performance bonds) for an amount of 328,550 thousand Euro (2009: 308,700 thousand Euro) includes the guarantees accorded as part of work markets. In the event of constructor default, the bank (or the insurance company) will pay compensation to the client for an amount equal to the guarantee.
- submissions for 4,399 thousand Euro (2009: 20,800 thousand Euro) of guarantees given in the context of adjudications related to the work markets;
- advance reimbursements for 23,383 thousand Euro (2009: 46,700 thousand Euro) regarding guarantees delivered by the bank to a client who guarantees the restitution of advances on contracts, mainly at DEME;
- deductions of a guarantee for 49,169 thousand Euro (2009: 19,600 thousand Euro) includes the guarantees delivered by the bank to a client who takes the place of the guarantee deduction;
- commitments given to a supplier for 49,175 thousand Euro (2009: 7,800 thousand Euro) as a warranty for the debt payment;
- other commitments given for an amount of 121,329 thousand Euro (2009: 42,900 thousand Euro)

31. Other commitments received

Commitments received by the group CFE other than valuable securities amount to 106,208 thousand Euro at the end of 2010 (2009: 84,100 thousand Euro). These are commitments received in the context of the good execution of the contract.

32. Claims

The group CFE is exposed to a number of claims that we qualify as normal for the construction segment. In most of the case, the group CFE expects to conclude a transactional convention with the adverse part, which substantially reduced the number of procedures in 2010.

The group CFE also tries to recover amounts from its clients. It is nevertheless not possible to estimate the contingent asset.

33. Related parties

- VINCI Construction, simplified limited company under French law, is the reference shareholder and holds 6,132,880 shares being 46.84% of the capital of the group CFE.

- The amount accounted for as a charge for fixed-contribution pension plans or other benefits for key personnel amounts to 3,396.7thousand Euro for 2010 (2009: 4,099 thousand Euro). These amounts include: fixed wages (2,289.6 thousand Euro; 2009 : 2,318 thousand Euro), variable wages (910.8 thousand Euro; 2009: 990 thousand Euro) and others (796.3 thousand Euro; 2009: 791,2 thousand Euro) of which non-state pensions, contingencies, workplace accidents, accidents outside work, health insurance, Croix Jaune and Blanche.

- CFE concluded a service contract with its main shareholder VINCI Construction on October 24, 2001. The remuneration due by CFE for this contract amounts to 1,190 thousand Euro and are entirely paid for 2010.

- There are no transactions with the CEO without prejudice to its remuneration. In the same way, there are no transactions with the companies Frédéric Claes SA, Artist Valley Ltd and I. Deal SPRL without prejudice of the remuneration of the directors represented by these companies.

- For the execution of some markets, the group CFE sets up temporary commercial companies with partners. The group CFE puts also people and material at disposal of these entities or re-invoices expenses. The amount of other income invoiced to these entities amounts to 18,903 thousand Euro and is disclosed under the heading “Revenue from auxiliary activities”.

- As at 31 December 2010, the CFE group exercised joint control over the following entities: DEME NV, Rent-A-Port NV and their subsidiaries. These entities, listed in appendix 35, are consolidated by applying the proportional integration method.

34. Major subsequent events

Nothing.

35. Companies owned by the group CFE

List of the most important consolidated subsidiaries consolidated with the global consolidation method of accounting

Names	Head office	Group's interest (in % of economic interest)
Belgium		
AANNEMINGEN VAN WELLEN NV	Kapellen	100 %
ABEB NV	Antwerp	100 %
ABECO NV	Brussels	100 %
AMART NV	Brussels	100 %
BATIMENTS ET PONTS CONSTRUCTION NV	Brussels	100 %
BATIPONT IMMOBILIER NV	Brussels	100 %
BE.MAINTENANCE NV	Brussels	100 %
BENELMAT SA	Limelette	100 %
BRANTEGEM NV	Aalst	65.04 %
CONSTRUCTION MANAGEMENT NV	Brussels	100 %
EGIDE VAN OPHEM NV	Brussels	100%
ENGEMA NV	Brussels	100 %
ETABLISSEMENTS DRUART SA	Péronnes-lez-Binche	100 %
GROEP TERRYN NV	Moorslede	55.04 %
INTERNATIONAAL FINANCE CENTER CFE NV	Brussels	100 %
LOUIS STEVENS NV	Halen	100%
NIZET ENTREPRISES SA	Louvain-la-Neuve	100 %
PRE DE LA PERCHE NV	Brussels	100 %
SOGESMAINT – CBRE NV	Brussels	66.01%
VAN DE MAELE MULTI-TECHNIEK NV	Meulebeke	64.95%
VAN MAERLANT NV	Brussels	100 %
VANDERHOYDONCKS NV	Alken	100 %
VMA NV	Sint-Martens-Latem	100 %
VOLTIS SA	Louvain-la-Neuve	100 %
Chad		
CFE TCHAD	N'Djamena	100 %
France		
SOCIETE FRANCAISE D'INGÉNIERIE ET D'ENTREPRISE SFIE SA	Paris	100 %
Luxemburg		
COMPAGNIE LUXEMBOURGEOISE D'ENTREPRISES CLE SA	Strassen	100 %
COMPAGNIE LUXEMBOURGEOISE IMMOBILIERE CLi SA	Strassen	100 %
COMPAGNIE IMMOBILIERE DE WEIMERSKIRCH SA	Strassen	100%
SOCIETE FINANCIERE D'ENTREPRISES SFE SA	Strassen	100%
SOGESMAINT LUXEMBOURG SA	Strassen	66.01%
Hungary		
CFE HUNGARY CONSTRUCTION LLC	Budapest	100 %
Netherlands		
CFE NEDERLAND BV	Dordrecht	100 %
GEKA BV	Dordrecht	100 %
Poland		
CFE POLSKA S.P. ZOO	Warsaw	100 %
BPI OBOZOWA	Warsaw	98 %
Romania		
CFE CONTRACTING AND ENGINEERING SRL	Bucarest	100%
Slovakia		
CFE SLOVAKIA STAVEBNA FIRMA	Bratislava	100 %
Tunisia		
CONSTRUCTION MANAGEMENT TUNISIA SA	Tunis	99.96%

Except for Aannemingen Van Wellen NV. which closes at November 30. all subsidiaries have December 31 as closing date of accounts.

List of the most important jointly controlled entities consolidated with the proportional method of accounting

Names	Head office	Group's interest (in % of economic interest)
Belgium		
AMCA LTD	Antwerp	28.33%
BARBARAHOF LTD	Leuven	40%
BRUSSILIA BUILDING LTD	Brussels	50%
DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING LTD and its subsidiaries	Zwijndrecht	50%
ESPACE MIDI LTD	Brussels	20%
ESPACE ROLIN LTD	Brussels	33.33%
IMMOANGE LTD	Brussels	50%
IMMOBILIERE DU BERREVELD LTD	Brussels	50%
LA RESERVE PROMOTION LTD	Kapellen	33%
PROJECT RK BRUGMANN LTD	Antwerp	50%
REGENT TWO LTD	Brussels	50%
RENT-A-PORT NV and its subsidiaries	Antwerp	45%
SOUTH CITY HOTEL LTD	Brussels	20%
Luxemburg		
ELINVEST LTD	Strassen	50%
PARC RESIDENTIEL NEI ESCH LTD	Strassen	50%
Hungary		
BETON PLATFORM KFT	Budapest	50%
Qatar		
CFE MIDDLE EAST CO. WLL	Doha	49%
Tunisia		
BIZERTE CAP 3000 SA and its subsidiary	Tunis	25%

List of entities associated jointly the most important consolidated according to the method by the equity method

Names	Head office	Group's interest (in % of economic interest)
Belgium		
INVESTISSEMENT LEOPOLD	Brussels	24.14%
LOCORAIL NV	Wilrijk	25.00%
PPP BETRIEB SCHULEN EUPEN	Eupen	25.00%
PPP SCHULEN EUPEN SA	Eupen	19.00%
TZZ	Brugge	38.90%
Netherland		
COENTUNNEL COMPANY BV	Amsterdam	20.50%

Declaration given on the faithful image given by the annual financial statements and the accompanying management report

(Article 12, by 2, 3° of the royal Decree of 14,11,2007 relating to the obligations of the transmitters of allowed financial instruments to the negotiation on a regulated market)

We attest, in the name and on behalf of the Compagnie d'Entreprises CFE LTD and under the responsibility for this one, that, to our knowledge,

1. the financial statements, benches in accordance with the applicable accounting standards, give a faithful image of the inheritance, financial standing and results of the Compagnie d'Entreprises CFE LTD and companies included/understood in the consolidation;

2. the annual report contains a faithful talk on the evolution of the businesses, the results and the situation of the Compagnie d'Entreprises CFE LTD and the companies included/understood in the consolidation, as well as a description of the principal risks and uncertainties with which they are confronted.

Name :	**Jacques Ninanne**	**Renaud Bentégeat**
Function :	*Executive Corportate Vice President*	*Managing director*
	Administrative and financial director	

February, 23th 2011

General information on the company and its capital

Identity of the company: Compagnie d'Entreprises CFE
Headquarter: Herrmann–Debroux Avenue 40-42, 1160 Brussels
Phone: +32 2 661 12 11
Legal form: Limited Company
Constitution: June, 21st 1880
Duration: undefined
Social exercise: from January 1st to December 31st of each year
Register of trade: RPM Brussels 0400 464 795 – TVA 400 464 795
Place where legal documentation is available: at headquarter

Social object (article 2 of the status)
"The purpose of the company is to study and execute any work or construction undertaking within each and every of its specialist areas, in particular electricity and the environment, in Belgium or abroad, singly or jointly with other natural or legal persons, for its own account or for account of third parties belonging to the public or private sector.

It may also perform services related to these activities, directly or indirectly operate them or license them out or carry out any purchase, sale, rent or lease operation whatsoever in respect of such undertakings.

It may directly or indirectly take up, hold or give up participations in any company or undertaking existing now or in the future by way of acquisition, merger, division or any other means.

It may carry out any commercial, industrial, administrative or financial operations or operations involving movable or immovable property that are directly or indirectly related to its purpose, even partially, or that could facilitate or develop the implementation, either for it or for its subsidiaries.

The shareholders' meeting may change the purpose of the company subject to the conditions specified in Article five hundred and fifty-nine of the Companies Code."

Auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2010

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Compagnie d'Entreprises CFE SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1,880,984 (000) EUR and the consolidated statement of comprehensive income shows a consolidated profit (group share) for the year then ended of 63,296 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.
Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

– The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 24 February 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Pierre-Hugues Bonnefoy

Statutory financial statements

Statutory balance and statement of comprehensive income

For the year ended 31 December *(in thousand Euro)*	**2010**	**2009**
Fixed Assets	**299,121**	**279,920**
Formation expenses	176	261
Intangible assets	2,050	153
Tangible assets	14,189	13,847
Financial fixed assets	282,706	265,659
A. Associated companies	280,737	262,794
B. Other	1,969	2,855
Current Assets	**296,119**	**278,281**
Receivables after more than one year	130	1,288
Inventories & contracts in progress	60,556	55,902
Receivables within the year	214,381	196,480
- Trade receivables	163,533	157,417
- Other receivables	50,848	39,063
Short-term investments	3,648	4,312
Cash and cash equivalent	15,730	14,544
Overdue accounts	1,674	5,754
Total Assets	**595,240**	**558,199**
Equity	**146,911**	**143,584**
Capital	21,375	21,375
Share premiums	62,606	62,606
Revaluation surplus	12,395	12,395
Reserves	21,477	21,477
Transferred profit (+) or loss (-)	29,058	25,731
Provisions and deferred taxes	**64,128**	**50,919**
Debts	**384,201**	**363,696**
Debts after more than one year	58,073	60,584
Debts due within the year	323,884	299,234
- Financial debts	1,000	0
- Trade payables	125,864	124,360
- Taxes and advance payments	68,074	66,079
- Other debts	128,946	108,795
Overdue accounts	2,244	3,878
Total liabilities and equity	**595,240**	**558,199**

Statutory balance and statement of comprehensive income

For the year ended 31 December *(in thousand Euro)*	**2010**	**2009**
Operating income	434,947	394,464
Operating charges	(438,657)	(407,259)
- Purchases	(303,398)	(278,212)
- Services and other goods	(44,240)	(48,437)
- Payroll, social security costs and pensions	(70,977)	(72,260)
- Depreciations, write-off and provisions	(18,782)	(6,117)
- Depreciations, write-off and provisions	(1,260)	(2,233)
Operating profit	(3,710)	(12,795)
Financial income	33,352	38,460
Financial charges	(4,805)	(4,796)
Current profit before taxes for the period	24,837	20,869
Extraordinary revenues	0	0
Extraordinary charges	(5,007)	(3,969)
Profit before taxes for the period	19,830	16,900
Taxes (adjustments and deductions)	(138)	(62)
Profit for the period	19,692	16,838
Profit distribution		
Profit for the period	19,692	16,838
Retained earnings	25,731	24,604
Dividends	(16,365)	(15,711)
Legal reserve	0	0
Profit to be carried forward	29,058	25,731

Analysis of the statement of comprehensive income and the balans

Fixed assets increased with 19,201 thousand Euro compared with the end of 2009. This variation is explained by the investments of the year.

Sales have increased compared with the previous year driven by the growth of civil engineering activity. Nevertheless, operating profit remains in loss.

Auditor's report to the shareholders' meeting on the statutory financial statements for the year ended 31 december 2010

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments.

Unqualified audit opinion on the financial statements

We have audited the financial statements of Compagnie d'Entreprises CFE SA for the year ended 31 December 2010, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 595.240 (000) EUR and a profit for the year of 19.692 (000) EUR.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence that we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2010 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the financial statements:

– The directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.
– Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
– No transactions have been undertaken or decisions taken in violation of the company's articles of association or the Companies Code such as we would be obliged to report to you. The appropriation of the results proposed to the general meeting is in accordance with the requirements of the law and the company's articles of association.

Diegem, 24 February 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Pierre-Hugues Bonnefoy

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