

Sanef SA Company Account

P & Loss Accounts

(thousands of euros)

	Note	2003	2002
SALES	2.1.1	780,890	761,102
OPERATING COSTS		(426,769)	(761,102)
External purchases and costs	2.1.2	(90,042)	(90,698)
Personnel costs	2.1.3	(96,822)	(94,122)
Other (net) operating revenue and costs	2.1.4	9,111	14,322
Taxes	2.1.5	(88,913)	(86,597)
Depreciation and provisions	2.1.6	(160,103)	(165,440)
OPERATING PROFIT		354,120	338,566
Net interest income	2.1.7	(173,081)	(178,778)
ORDINARY PROFIT		181,040	159,788
Extraordinary income	2.1.8	(41,289)	(193,232)
Employee profit-sharing	2.1.9	(2,384)	(10,166)
Corporation tax	2.1.10	(18,695)	(67,919)
NET INCOME		118,672	(111,528)

Other financial ratios

(thousands of euros)

	2003	2002
Value added	690,848	670,403
Gross operating profit	505,112	489,684
Gross operating margin	64.68%	64.34%
EBITDA (1)	511.839	493,840
EBITDA Margin	65.55%	64.90%
CASH FLOW	270,374	232,419

(1) Operating profit adjusted for profit-sharing and before depreciation and provisions.

Balance Sheet

Assets

(thousands of euros)

	Note	2003	2002
Intangible Fixed Assets	2.2.1	3,683	5,633
Tangible Fixed Assets			
- Scope of concessions	2.2.2	5,478,417	5,358,811
- Depreciation		(1,862,367)	(1,730,058)
Investments	2.2.3	287,903	288,147
TOTAL FIXED ASSETS		3,907,636	3,922,533
Stocks and work in progress	2.2.4	4,848	5,149
Accounts receivable	2.2.5	44,826	46,589
Other debtors and accrued income	2.2.6	68,884	76,476
Marketable securities and cash	2.2.7	141,228	24,584
TOTAL CURRENT ASSETS		259,786	152,798
TOTAL ASSETS		4,167,422	4,075,331

Liabilities

(thousands of euros)

	Note	2003	2002
Share capital		48,322	48,322
Premiums and Reserves		6,287	6,287
Profit Carried Forward		493,282	604,810
Retained profit		118,672	(111,528)
Investment subsidies		90,681	87,708
SHAREHOLDERS' FUNDS	2.2.8	757,244	635,599
CONTINGENCY RESERVES	2.2.9	180,205	246,074
Loans and Financial Debts	2.2.10	2,974,947	2,930,231
Accounts payable	2.2.11	18,418	15,625
Other creditors and accrued expenses	2.2.12	236,608	247,801
TOTAL DEBTS		3,229,973	3,193,658
TOTAL LIABILITIES		4,167,422	4,075,331

(thousands of euros)

	2003	2002
Loans and Financial Debts	2,974,947	2,930,231
Cash	141,228	24,584
NET DEBT	2,833,719	2,905,647
CHANGE ON YEAR	(71,928)	

Cash flow statement

(thousands of euros)

	2003	2002
NET INCOME	118,672	111,528
Add back costs and revenue not affecting cash flow or not related to operations		
Depreciation and provisions	99,778	376,202
Provision for deferred depreciation		20,340
Capital gains/losses on asset disposals	55,551	(11)
Effect of Changes to Accounting Principles		(49,211)
Other	(3,627)	(3,373)
GROSS CASH FLOW	270,374	232,419
Change in operating working capital requirement		
Accounts Receivable	9,560	(24,074)
Prepayments	(212)	(413)
Stocks and work in progress	301	809
Operating and other debt	9,991	(2,211)
Other	(27,259)	27,434
CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT	(7,619)	1,545
NET OPERATING CASH FLOW	262,755	233,964
Acquisition of tangible and intangible fixed assets	(205,479)	(137,643)
Disposal of tangible and intangible fixed assets	468	44
Net change in other investments		(175,319)
Change in investment-related working capital requirement	14,774	11
NET INVESTMENT-RELATED CASH FLOW	(190,237)	(312,907)
Dividends paid to shareholders		(58,756)
Repayment of SAPN advances (compensation)		99,549
Investment subsidies received	6,600	8,882
New loans taken out	220,000	274,000
Loans and foreign currency advances repaid	(182,177)	(230,002)
Other changes	(297)	(3,518)
NET FINANCING-RELATED CASH FLOW	44,126	90,155
CHANGE IN CASH FLOW	116,644	11,211
Opening cash	24,584	13,374
Closing cash	141,228	24,584

Appendix to the Accounts

This appendix forms an integral part of the annual accounts.

It includes additional information relating to the balance sheet, profit and loss account and funds flow statement, so that the whole gives a true picture of the company's assets, financial situation and profits.

Non-compulsory items are not mentioned unless they are significant.

COMPANY PRESENTATION

- Sanef holds a principal motorway concession contract until December 31, 2028, under which it operates 1,316 kilometres of motorway in service on December 31, 2003.
- Sanef is currently concluding negotiations for new specifications for the purpose of establishing a long-term balance in its concessions following reforms implemented by the regulation of 28.03.01, which led in particular to the Government guarantee being abandoned and the expiry of the concessions being extended to 2028. The negotiations are also covering 2004-2008 service contracts which will lead to price increases allowing the group to implement the operations it has planned.
- SAPN recapitalisation plan:

The financing plan, which was presented at SAPN's Extraordinary General Meeting held on October 23, 2001, was expressed in 2002 and 2003 by:

a) An agreement signed on January 31, 2002 defining the exceptional subsidies programme, distributed over 2002 to 2006, and the methods for monitoring it.

b) The amendment of May 24, 2002 to the agreements on intra-group advances for SAPN cash deficits for 1997, 1998, 1999 and 2000, the effects of which were:

- On 1 June 2002, Sanef wrote off 4,943,000 euros in revenue from the index-linking of debt to SAPN's benefit.

- The principal of the debt held by Sanef, in the sum of 99,549,208.26 euros, was made payable.

c) The capital increase approved on June 11, 2002 at SAPN's Extraordinary General Meeting was subscribed to only by Sanef for a total of 243,997,864.50 euros. This was preceded by an initial capital reduction of 21,507,341.40 euros by writing off part of past losses carried forward. The capital was called and paid up in September 2002 in the sum of 179,823,083.70 euros, which included 99,549,208.26 euros in compensation for Sanef's liquid receivable in respect of SAPN and 80,273,875.44 euros in cash. The balance of 64,174,780.80 euros is payable in five years. Following the capital increase, a second reduction by writing off losses brought SAPN's share capital to 5 million euros.

d) On December 30, 2002, Sanef paid SAPN an initial subsidy of 27,914,000 euros. In the 2002 accounts, the secured debt of 221,000,000 euros, representing the balance of the subsidy plan, also posed a real risk for the company. Sanef therefore decided to charge a contingent reserve in the 2002 accounts of 212,000,000 euros equating to the secured debt discounted to the end of December 2002.

On December 31, 2003, Sanef paid SAPN a second subsidy of 52,200,000 euros. The contingency reserve of 212,000,000 euros that existed at the end of 2002 was reduced to 148,700,000 euros.

HIGHLIGHTS OF 2003

Sanef's sales came to €781m in 2003, an increase of 2.6% compared with 2002.

The 3.6% increase in toll payment receipts was the result of a moderate 1.1% increase in traffic and an increase in prices on February 1, 2003 (1.73% for light vehicles and 3.39% for HGVs).

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Other revenue, generated by shopping facilities, telecom services and subscription sales, fell by 15.8%: this drop was mainly due to a reduction in telecom receipts (contracts ending following reorganisation or disappearance of operators).

Subscription sales involved Libert electronic toll payment sales and subscriptions for heavy goods vehicles (CAPLIS reduction). The 210,000 electronic toll payment badges sold by December 31, 2003 by Sanef SA, including 65,000 in 2003 alone, have made the company the French leader in this technology.

Electronic toll payment is the main source of reductions in the cost of collecting toll payments. Above all, it is a means of improving the service to customers by simplifying payment and reducing waiting times at toll booths.

Operating Costs

Operating costs remained steady at €427m compared with €423m in 2002, following an increase in personnel costs but a reduction in depreciation charges and provisions.

Due to a steady weighted average number of employees (2,432 full-time equivalent workers compared with 2,436 in 2002), personnel costs increased by a slight 2.9%. The increase in salaries and benefits was 2.6%, reflecting point value and carry-forward effects. For social security costs, the increase was 6.2%, mainly due to the impact of the Fillon Law, in the sum of 0.5 million euros, and a €0.2m increase in pension provisions.

Depreciation charges dropped from €165m to €160m, including €130m for allowance for obsolescence. A €3.8m write-back of provisions for irrecoverable debts was made in the telecom business.

Gross operating profit increased by 3.1%, which demonstrates our ability to improve productivity in the operation of our concession. For the first time since 1999, the ratio of gross operating profit to sales stopped falling, rising instead from 64.34% to 64.68%.

An increase in sales and stability in operating costs led naturally to a 4.6% increase in operating profit.

Ordinary Profit

Interest rate charges were kept under control due to only a slight increase in debt while cash was positive.

Ordinary profit rose from €160m to €181m, a 13.1% increase.

Net Income

In spite of the extraordinary depreciation of the preparatory work on the A16 in Ile-de-France (€54.2m), due to the removal of this section of the motorway from the concession, net income increased €119m compared with a loss of €112m in 2002. Net income had been strongly affected in 2002 by the €212m extraordinary charge paid under the SAPN recapitalisation plan. After an extraordinary year in 2002 at €10.2m, employee profit-sharing returned to a level more in line with 2001 (€2.4m in 2003, €2.1m in 2001).

In 2003, Sanef invested €211m mainly to continue with the construction of the A29 motorway and the extension of coverage by the 107.7 FM traffic information radio station to the Châlons-Troyes section of the A26.

Net earnings per share increased from 3.51 euros in 2002 to 13.21 euros.

Sanef SA Balance Sheet

Fixed assets in the scope of concessions, amounting to 1,316 km of motorway on December 31, 2003, increased by €120m due mainly to the construction of the A29, investment in construction of motorways in service and the €54.2m reduction of assets in progress equating to preliminary works on the A16. The depreciation charge for the year was €164m, including €131m for allowances for obsolescence.

Investments came to €288m, with the stake in SAPN being entered as €285m.

Marketable securities increased substantially, rising from €25m in 2002 to €141m in 2003. Of this, €59m is due to the charging of tax on VAT returns. Marketable securities mainly include cash SICAVs, deposit receipts and negotiable certificates of deposit. There is no deferred revenue on these securities.

Sanef SA shareholders' funds increased by €122m due to the addition of €119m in retained profit for the year.

Debt

Loans and financial debt increased slightly, rising from €2,930m to €2,975m.

Of this sum, €2,873m was loans from CNA (National Motorway Fund), 90% of which are at fixed rates. Loans over five years amount to €1,974m. The weighted average nominal rate on CNA loans was 6.21% in 2003 compared with 6.52% in 2002.

Net debt came to €2,834m, after deducting positive cash of €141m, giving a debt ratio (gearing) of 3.74. Gearing rises to 3.85 if the €76m of cash from the tax on VAT returns is not included.

ACCOUNTING PRINCIPLES

The company's accounts have been prepared in accordance with the general chart of accounts.

The accounts for 2003 were prepared in accordance with the same accounting principles and using the same presentation as those for 2002.

In accordance with the terms of CRC regulations no. 2002-10 of December 12, 2002 and no. 2003-07 of December 12, 2003 regarding amortisation and depreciation of assets, Sanef has opted since the 2002 accounts to implement accounting of assets by components for spending on so-called class one major repairs.

EXPLANATIONS OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET ITEMS, AND CHANGES

2.1 Profit and Loss Account

2.1.1 Sales

Sales broke down as follows:

(thousands of euros)

	2003	2002
Toll payments	746,827	720,608
Subscription sales	7,370	6,549
Rents from shopping facilities	14,007	14,681
Sale of fuel and miscellaneous services	1,097	1,168
Telecom services	8,931	15,330
Engineering services and sales of systems	2,658	2,766
SALES	780,890	761,102

a) Toll payments

The table below explains the increase in "Toll payments" between 2002 and 2003.

(1) Operating profit excluding allowances for depreciation and provision

INCREASE IN TOLL PAYMENTS 2002-2003	3.6%
Increase in traffic on like for like network	1.1%
Effect of price rise (1)	1.6%
Other effects (2)	0.9%

(1) On February 1, 2003, prices increased by 1.73% for light vehicles and 3.39% for HGVs.

(2) Mainly an upgrade in class coefficients and additions to the network.

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b) Subscription sales

These sales increasingly represent an entirely separate business, particularly with the development of Liber-t electronic toll payments.

c) Rents from shopping facilities

Rents include a share of the write-back of "shopping facility operators' investment" in infrastructure.

d) Sales of fuel and miscellaneous services

These services are carried out on the network or in its immediate area.

e) Telecom Services

These correspond to the renting of fibre optic cable or pylons to telecommunications operators. The reduction reflects the ending of contracts following the reorganisation or disappearance of operators.

f) Engineering services and sales of systems

Engineering services mainly involve assistance in contracting and consultancy services or the sale of toll payment and data communications systems.

2.1.2 External Purchases and Costs

External purchases and costs are broken down as follows:

(thousands of euros)

	2003	2002
Power, supplies and spare parts (1)	(14,049)	(12,146)
Maintenance of infrastructure	(17,192)	(21,532)
Standard maintenance	(9,067)	(9,508)
Government fees	(23,467)	(22,816)
Other external costs	(26,267)	(24,696)
EXTERNAL PURCHASES AND COSTS	(90,042)	(90,698)

(1) Including an increase in 2003 of around 1.5 million euros in salt and thawing materials due to the hard winter.

The government fees laid down by decree no.97-606 of May 31, 1997 are payable by motorway concessionaires for the possession of public property.

2.1.3 Personnel Costs

a) Cost Analysis

Sanef's personnel costs are broken down as follows:

(thousands of euros)

	2003	2002
Salaries and allowances	(64,771)	(63,946)
Social security costs and deferred social costs	(29,325)	(27,878)
Profit-sharing and contribution to savings plan	(2,727)	(2,298)
PERSONNEL COSTS	(96,822)	(94,122)

Salaries and benefits increased 2.6% between 2002 and 2003, after adjusting the impact of changes in the method of calculating provisions for paid leave and time bank schemes, reflecting changes in point value and the carry-forward effect. The 6.2% increase in personnel costs was mainly due to the impact of the Fillon law (implemented on 1 July 03), costing 0.5 million euros, and a 0.2 million euros increase in pension provisions.

b) Weighted average employees

The information below shows the weighted average number of employees in Group companies (social report index: 114.2)

	2003	2002
Executives	224	203
Supervisors	589	584
Workers	1,619	1,649
TOTAL EMPLOYEES	2,432	2,436

2.1.4 Other (net) operating revenue and costs

This entry, which is presented as a deduction from operating costs, mainly consists of transfers of costs and reimbursement received from insurance claims.

(thousands of euros)

	2003	2002
Transfer of capitalised costs	3,299	3,721
Reimbursement of insurance claims	4,211	4,102
Others (1)	1,601	6,499
OTHER (NET) OPERATING REVENUE AND COSTS	9,111	14,322

(1) Changes in "Other" entry

- In 2003, "Other" includes operating subsidies of 1,040,000 euros, other additional income of 4,080,000 euros (including 2,916,000 euros in compensation for cancellation of fibre optic contracts) and 4,277,000 euros of losses on debts from previous years (including 3,800,000 euros for telecom activities).

- In 2002, "Other" included a sum of 4,082,000 euros for non-recurring revenue from the fibre optic rentals business (following the abandonment of a reservation option and compensation for cancellation of contracts which at the same time were the subject of provisions in 2002 (cf. 3.1.6).

(thousands of euros)

	2003	2002
Development tax	(65,862)	(65,036)
Business tax	(19,551)	(18,238)
Payroll taxes	(1,689)	(1,815)
Other taxes	(1,811)	(1,508)
TAXES	(88,913)	(86,597)

2.1.5 Taxes

The development tax amounted to 6.86 euros per thousand kilometres travelled.

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2.1.6 Depreciation and provisions

(thousands of euros)

	2003	2002
Depreciation of road surfaces (1)	(16,775)	(12,797)
Depreciation of fixed assets	(15,978)	(18,113)
Write-down for obsolescence of fixed assets (2)	(131,610)	(130,629)
Other charges net of provisions (3)	4,260	(3,901)
DEPRECIATION AND PROVISIONS	(160,103)	(165,440)

(1) Following the change of method on January 1, 2002 to "assets by components".

(2) Allowance for obsolescence in 2003 was broken down as: 130,726,000 euros for investment in construction, 884,000 euros for investment in operation.

(3) Including 3,800,000 euros in write-back of provisions for debts written off (cf. page 14: loss on debts from previous years for telecom business).

2.1.7 Interest charges and income

(thousands of euros)

	2003	2002
Interest and indexing on loans	(186,046)	(190,094)
Indexing on advance to SAPN (1)		4,943
Capitalised building loan interest	5,752	3,884
Amortisation of issue costs and loan premiums	(1,274)	(1,370)
Other interest income (2)	8,487	3,859
NET INTEREST INCOME	(173,081)	(178,778)

(1) This income reflects the effect of indexing on advances by Sanef to its subsidiary from their origination to June 1, 2002, the date on which they became payable. In accordance with the accounting methods which apply, no income was registered during previous years. This income for 2002 is therefore non-recurring and was also classed as abandonment of a debt (cf. 1) under the SAPN recapitalisation plan.

(2) Including in 2003 the write-back of 4,591,000 euros in provisions for a loan guarantee which became inapplicable.

2.1.8 Extraordinary costs and revenue

(thousands of euros)

	2003	2002
Gross road assets at 1 January 2002 (1)		128,969
Road depreciation charge at 1 January 2002 (1)		(79,758)
Capital gains and losses on disposal of fixed assets (2)	(55,551)	11
Abandonment of indexing on loan to SAPN (3)		(4,943)
Subsidies awarded as part of the recapitalisation of SAPN (4)	(52,200)	(27,914)
Allowances and returns of provision for risks and costs (SAPN) (5)	63,300	(212,000)
Amortisation of investment subsidies	3,627	3,373
Other (6)	(465)	(971)
EXTRAORDINARY INCOME	(41,289)	(193,232)

(1) Following the change of method on January 1, 2002 on "assets by components" (for tax purposes, the effect of this change was recorded in 2002 in the profit and loss account under "Extraordinary Income").

(2) Including an extraordinary loss of 54,222,000 euros for the A16 (recording the lack of value of these preliminary works)

(3) Article (2) of the amendment to the agreement on intra-group advances under the SAPN recapitalisation plan.

(4) Articles (1) and (2) of the agreement of January 31, 2002 on the SAPN recapitalisation plan.

(5) cf. 1 (SAPN recapitalisation plan).

(6) Including subsidy of 348,000 euros to SODERANE in 2002.

2.1.9 Employee profit-sharing

(thousands of euros)

	2003	2002
EMPLOYEE PROFIT-SHARING (1)	(2,384)	(10,166)

An exceptional agreement was made by Sanef for application in 2002 and 2003.

(1) Employee profit-sharing was significantly affected in 2002 (adding 4,547,000 euros) due to changes in accounting methods.

2.1.10 Corporation Tax

(in thousands of euros)

	2003	2002
CORPORATION TAX	(18,695)	(67,919)

The corporation tax charge breaks down as follows:

(thousands of euros)

	2003	2002
Tax payable on operations in the year	(21,610)	(49,218)
Tax consolidation income	2,915	14,002
Tax payable related to change of method "Sanef assets by components"		(17,435)
Tax payable related to change of method "SAPN assets by components"		(4,283)
Tax due to write-back GR and RN provisions for SAPN		(8,733)
Tax increase (staggered payments related to pay-outs)		(4,522)
Effect of deferred depreciation		22,610
Provision for tax on deferred depreciation risk		(20,340)
TOTAL	(18,695)	(67,919)

(thousands of euros)

2.2. Balance Sheet

(in thousands of euros)

	2003	2002
Intangible fixed assets	9,457	10,636
Amortisation of intangible fixed assets	(5,774)	(5,003)
INTANGIBLE FIXED ASSETS	3,683	5,633

2.2.1 Intangible Fixed Assets

Intangible fixed assets consist mainly of software programmes amortised over a period of 3 to 5 years.

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2.2.2 Tangible Fixed Assets

Fixed assets from the scope of concessions

The total network of concessions amounted to 1,316 kilometres of motorway on 31 December 2003.

(thousands of euros)

Gross Values	2003	Acquisitions or transfer	Disposals	Commissioning	2002
Fixed construction assets in service	4,901,840		(39)	21,347	4,880,533
Fixed construction assets, renewable roads	158,251	29,216	(27,517)		156,553
Fixed operating assets in service	198,210	14,311	(3,169)	2,687	184,381
Fixed assets in progress (1)	220,115	173,501	(66,697)	(24,034)	137,345
TANGIBLE FIXED ASSETS GROSS VALUES	5,478,417	217,028	(97,422)	0	5,358,812

(1) Costs capitalised as "tangible fixed construction assets in progress" referring to the A16 Ile de France region motorway were charged off for the sum of 54,222,000 euros.

An extraordinary loss was recorded, noting the lack of value of these preliminary works.

The increase in fixed assets came mainly from investment in construction on the A29 motorway and investment in construction on motorways in service.

(thousands of euros)

Depreciation	2003	Charge	Write-backs and disposals	2002
Depreciation charges	1,28,493	17,640	(3,080)	113,933
Depreciation charge – renewable road surfaces	53,200	13,655	(27,516)	67,061
Allowance for obsolescence of non-renewable fixed assets	1,632,868	130,726		1,502,142
Allowance for obsolescence of operating fixed assets	47,806	884		46,922
TANGIBLE FIXED ASSETS	1,862,367	162,905	(30,596)	1,730,058

2.2.3 Investments

(thousands of euros)

	2003	2002
Equity investments (1)	285,237	285,177
Prepayments from equity investments (2)	589	855
Loans (3)	2,038	2,093
Other investments (4)	39	22
INVESTMENTS	287,903	288,147

At December 31, 2003, these included:

(1) – A 284,909,000 euro investment in SAPN with a remaining 64,175,000 euros of capital to be paid up in four years.

(2) – 589,000 euros in an advance to SC Autoroutes GIE, which can be consolidated.

(3) – The total sum of loans (1% construction) on December 31, 2003 consisted mainly of 1,743,000 euros of compulsory investment in construction, compared with 1,497,000 euros at December 31, 2002.

(4) – Other investments are deposits and guarantees.

2.2.4 Stocks

(thousands of euros)

	2003	2002
Stocks and work in progress	4,848	5,721
Stock depreciation		(572)
NET STOCKS AND WORK IN PROGRESS	4,848	5,149

Stocks are mainly made up of the supplies required for maintenance and road serviceability of motorways, spare parts for the different equipment (toll booths, electrical items, transport, machinery, etc.), and computer and office supplies.

2.2.5 Accounts Receivable

(thousands of euros)

	2003	2002
Receivables – toll payments (subscribers)	33,647	32,089
Receivables – related businesses	14,650	21,819
Amortisation of doubtful debt (1)	(3,471)	(7,319)
ACCOUNTS RECEIVABLE AND RELATED	44,826	46,589

(1) Mainly amortisation of "telecom" receivables from customers which have cancelled or are no longer trading.

2.2.6 Other debtors and accrued income

(in thousands of euros)

	2003	2002
Government and other public bodies (1)	23,847	5,355
Other fees and accounts receivable	25,056	30,545
Short-term cash advances to SAPN		20,800
Prepayments (others)	12,157	11,945
Deferred expenses	7,239	7,521
Currency translation adjustment assets	585	310
OTHER ACCOUNTS RECEIVABLE AND RELATED	68,884	76,476

(1) In 2004, includes repayment of corporation tax paid in advance: 12,649 euros.

"Other fees and accounts receivable" include accounts to be received from "shopping facilities and similar" (13,121 thousand euros at the end of 2003 and 13,400 thousand euros at the end of 2002).

"Prepayments" at the end of 2003 correspond to the quota of the government fees for next year.

"Deferred expenses" are mainly made up of the non-depreciated sum for loan issue premiums and reimbursement of bonds.

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2.2.7 Marketable securities and cash

(in thousands of euros)

	2003	2002
Investments	117,678	13,634
Cash	23,550	10,950
MARKETABLE SECURITIES AND CASH (1)	141,228	24,584

"Investment" mainly includes cash SICAVs, deposit receipts and negotiable certificates of deposit. There is no deferred revenue on these securities.

"Cash" includes cheques, cards for collection and bank balances.

(1) Of the 116,644,000 euro change in cash, 58,600,000 euros is due to the charging of tax on VAT returns (cf. 5.3).

2.2.8 Shareholders' funds

Sanef share capital amounts to 48,322,268 euros represented by 3,169,733 equal shares.

(in thousands of euros)

	2003	Allocation according to AGM 23/06/2003	Subsidies received less write-back	Profit 2003	2002
Share capital	48,322				48,322
Legal reserves (1)	6,287				6,287
Other reserves					
Carry-forward	493,282	(111,528)			604,810
Retained profit 2002		111,528			(111,528)
Retained profit 2003	118,672			118,672	
Investment subsidies (2)	90,681		2,973		87,708
	757,244	0	2,973	118,672	635,599

(1) Legal reserve and long-term capital gains reserve

(2) In 2003, investment subsidies increased by 6,600,000 euros and are the subject of a 3,627,000 euro write-back.

There were no instruments causing dilution at December 31, 2003.

2.2.9 Contingency Reserves

(in thousands of euros)

	2003	Charge for year	Write-back for year (provisions used)	Write-back for year (provisions not used)	Other	2002
Provisions for pensions and similar liabilities	9,085	1,581				7,504
Lawsuits	1,308	589	(611)			1,329
Tax (deferred depreciation lawsuits) (1)	20,340					20,340
Support for SAPN	148,700		(52,200)	(11,100)		212,000
Indexation	585	275				310
Guarantee commission	0			(4,591)		4,591
Benefits	187	187				0
CONTINGENCY RESERVES	180,205	2,632	(52,811)	(15,691)		246,074

(1) Provision of 55,835,000 euros for disputed deferred depreciation at a rate of 36.43%, giving 20,340,000 euros.

Provisions for pensions and similar liabilities:

(thousands of euros)

	Pension liabilities	Liabilities (medals)	Total
PROVISION ON DECEMBER 31, 2001	5,584	583	6,167
Charge for 2002 financial year	1,098	239	1,336
PROVISION ON DECEMBER 31, 2002	6,682	822	7,504
Charge for 2003 financial year	1,437	144	1,581
PROVISION ON DECEMBER 31, 2003	8,119	966	9,085

The rate used at 31 December 2003 is the yield of 4.3% on ten-year French government bonds (OAT) on that date, assuming future inflation, excluding tobacco, of 1.6% (giving a discount rate of 2.66%).
Average pay increase rate: inflation + 1.5%.

(thousands of euros)

	2003	2002
National Motorway Fund fixed rate loans	2,594,845	2,647,334
National Motorway Fund variable or reviewable rate loans	278,055	187,469
Prepayments from regional groups	1,334	1,906
Others	9,225	3,445
subtotal	2,883,459	2,840,154
Accrued interest on loans	91,488	90,077
TOTAL LOANS AND FINANCIAL DEBTS	2,974,947	2,930,231

2.2.10 Loans and Financial Debts

(loans taken out in 2003: 220,000,000 euros; loans paid off in 2003: 182,177,000 euros).

National Motorway Fund Loans

These loans were taken out by Sanef from the National Motorway Fund (CNA), a public administrative organisation, under an agreement between the CNA and the mixed economy motorway concession companies (SEMCA). This agreement makes available to SEMCAs funds raised by the CNA either under its bond issuance programme or from the EIB. Loans from the CNA to SEMCAs carry the same conditions and the same repayment periods as the loans taken out by the CNA to fund them.

CNA loans are mainly fixed rate. The weighted average nominal rate on CNA loans was 6.21% in 2003 compared with 6.52% in 2002.

Appendix to the Accounts

Other

This entry contains deposits and guarantees received.

On December 31, 2003, the schedule for repayment of the principal of the company's debts was as follows:

(thousands of euros)

Year	Capital due less than 1 year	Capital due 1 to 5 years	Capital due over 5 years	TOTAL to be repaid
2004	107,934			107,934
2005		137,204		137,204
2006		185,402		185,402
2007		160,073		160,073
2008		308,253		308,253
2009			215,716	215,716
2010			189,038	189,038
2011			173,700	173,700
2012			83,521	83,521
2013			161,369	161,369
2014			187,035	187,035
2015			245,035	245,035
2016			224,620	224,620
2017			274,000	274,000
2018			220,000	220,000
TOTAL (1)	107,934	790,932	1,974,034	2,872,900

(1) including 304,470,000 euros at variable or reviewable rates.

2.2.11 Accounts Payable and Related

(thousands of euros)

	2003	2002
ACCOUNTS PAYABLE	18,418	15,625

"Accounts Payable" does not include suppliers of fixed assets, which are classified as "Other debts."

2.2.12 Other Creditors and Accrued Expenses

(thousands of euros)

	2003	2002
Capital not paid up (SAPN) (1)	64,175	64,175
Debts on fixed assets (2)	39,424	24,649
Tax and social debts (3)	98,084	111,113
Prepayments (4)	27,463	32,471
Others	7,464	15,392
OTHER CREDITORS AND ACCRUED EXPENSES	236,608	247,801

(1) The balance of the capital increase is due to be paid up in four years.

(2) Debts on fixed assets equate to payables and invoices to be received for fixed assets.

(4) Prepayments are mainly made up of "investments by private organisations", 15,442,000 euros on December 31, 2003, and income from the fibre optic business, 7,406,000 euros compared with 9,790,000 euros on December 31, 2002.

2.2.13 Off-balance Sheet Liabilities

a) Commitments Made

(thousands of euros)

	2003	2002
Tax consolidation (1)	149,435	127,089
Future commitment 1% countryside	2,939	7,418
TOTAL	152,374	134,507

(1) See 5.1

b) Commitments Received

(thousands of euros)

	2003	2002
Bank guarantees	61,977	54,286
TOTAL	61,977	54,286

c) Mutual Commitments

(thousands of euros)

	2003	2002
Work markets (signed and not paid)	182,905	264,128
TOTAL	182,905	264,128

d) Sanef does not use derivative financial instruments in its business.

Explanation of certain items in the cash flow statement

The funds flow statement presents changes in cash. Cash includes cash on hand, bank overdrafts and liquid short-term investments, which can easily be converted into a known cash sum and which are subject to a negligible risk of change in value.

Purchases of fixed assets include interest accrued during the construction period. Accrued interest came to 5,752,000 euros in 2003 compared with 3,884,000 euros in 2002.

Gross cash flow under "other" includes the recovery of investment subsidies for the duration of the concession.

Additional Information

Tax Consolidation and Accounting Consolidation

- Sanef is the parent company of the tax consolidation group which includes SAPN, SODERANE and SONORA. The agreement between the consolidated companies was set up in accordance with the tax neutrality method for the various group companies. At the end of 2003, the ordinary deficits and deferred depreciation contributed to the tax consolidation group by the SAPN subsidiary came to 436,851,000 euros or a tax equivalent of 149,435,000 euros.
- Sanef's consolidated accounts include Sanef and its subsidiary SAPN (fully consolidated).

Directors' Remuneration

Total remuneration paid to the chairman of the board of directors and the managing director during 2003 came to 227,926 euros gross, including payments in kind. No other payments were made to directors or supervisors.

Lawsuits

Sanef is involved in a certain number of lawsuits during the normal course of its activities. Sanef considers that, at December 31, 2003, none of the lawsuits in progress relating to the conduct of its business is likely to have an unfavourable effect on its operating profit, its business or its financial situation (apart from risks effectively provided for in the accounts).

Given the high level of uncertainty over admissibility for the MKI claim, with the Plaintiff claiming 3.1 million euros, the lawsuit is only noted off-balance sheet at present.

Tax lawsuits in progress have not changed significantly since the end of 2002.

Negotiations with Government on the establishment of a new contractual balance have the particular aim of bringing an end to the diverging assessment of the consequences of changes to the VAT system in 2000. Sanef has opted to charge VAT totalling 58,600,000 euros on its tax returns in 2003 (cf. point 3.2.12), while awaiting finalisation of these negotiations in the near future, in order to preserve its possible rights.

Technical Specifications

The main concession agreements and attached technical specifications for the basic instruments define relations between the Government and Sanef: they regulate the construction and operation of motorways, the financial terms applicable, the duration of concessions and the methods for return of the facilities at the end of the concession.

Among the main terms likely to influence prospects for operation are:

- The obligation to maintain all works in good condition and to do everything possible to maintain continuous traffic flow.
- The Government's ability to cancel concession contracts in advance in the public interest. This power to cancel concessions is exercised under the control of a judge.

List of Subsidiaries and Investments

(thousands of euros)

List of subsidiaries and shareholdings	Share capital	Other shareholders' funds (1)	Shares owned	Gross value	Net value	Net Sales 2003	2003 profit
SUBSIDIARY (over 50% of shares)							
SAPN	5,000	36,033	99.92%	284,909	284,909	237,539	(13,947)
SODERANE	15	(6)	99.40%	15	15	941	42
SHAREHOLDINGS							
CENTAURE NORTH-PAS-DE-CALAIS	320	324	34.00%	259	259	NC	NC
Autoroutes Trafic GIE Interest Group	300		18.00%	54	54	NC	43.9

(1) Does not include profit for year