Consolidated Financial Statements

Year ended December 31, 2013

Contents

Consolidated Financial Statements

1.1 Consolidated Statement of Financial Position

1.1.1 Assets

(€ million)		As of December 31, 2013	As of December 31, 2012 re-presented (1)	As of December 31, 2011 re-presented (1)	As of January 1, 2011 re-presented (1)
Goodwill	Note 4	3,486.3	3,911.9	4,796.2	5,585.5
Concession intangible assets	Note 5	2,099.3	2,373.1	2,219.3	1,963.9
Other intangible assets	Note 6	719.3	926.3	1,014.9	1,206.7
Property, plant and equipment	Note 7	4,160.5	4,706.3	6,497.4	8,109.6
Investments in joint ventures	Note 8	2,905.1	2,914,.8	3,167.1	3,066.1
Investments in associates	Note 9	385.0	477.7	360.8	371.1
Non-consolidated investments	Note 10	40.5	47.0	65.4	71.2
Non-current operating financial assets	Note 11	1,698.1	2,215.9	2,091.5	2,209.2
Non–current derivative instruments - Assets	Note 29	258.3	280.0	745.0	621.6
Other non-current financial assets	Note 12	2,492.0	2,441.3	2,864.6	2,434.8
Deferred tax assets	Note 13	859.2	1,018.7	1,065.0	1,588.7
Non-current assets		**19,103.6**	**21,313.0**	**24,887.2**	**27,228.4**
Inventories and work-in-progress	Note 14	434.5	614.9	664.5	725.1
Operating receivables	Note 14	6,944.1	8,573.8	8,836.5	9,887.5
Current operating financial assets	Note 11	97.9	167.0	165.2	187.9
Other current financial assets	Note 12	628.0	1,488.6	978.9	290.1
Current derivative instruments – Assets	Note 29	60.7	45.4	49.6	36.1
Cash and cash equivalents	Note 15	4,274.4	4,998.0	5,025.4	4,754.9
Assets classified as held for sale	Note 24	4,698.9	1,276.0	460.0	699.1
Current assets		**17,138.5**	**17,163.7**	**16,180.1**	**16,580.7**
TOTAL ASSETS		**36,242.1**	**38,476.7**	**41,067.3**	**43,809.1**

The accompanying notes are an integral part of these consolidated financial statements.

(1) *The consolidation standards presented in Note 1.1.4.1. and the IAS 19 revised Employee Benefits standard presented in Note 1.1.4.2. hereafter provide for mandatory retrospective application with effect from accounting periods commencing on or after January 1, 2013. The consolidated financial statements for comparative periods have been re-presented accordingly.*

Furthermore, pursuant to IFRS 5.28 and IAS 28.21, the Group amended, retrospectively, the presentation of its investment in Transdev Group, which has been transferred from "Securities classified as held for sale" to "Investments in joint ventures, equity accounted".

1.1.2 Equity and Liabilities

(€ million)		As of December 31, 2013	As of December 31, 2012 re-presented (1)	As of December 31, 2011 re-presented (1)	As of January 1, 2011 re-presented (1)
Share capital		2,744.4	2,610.4	2,598.2	2,495.6
Additional paid-in capital		7,851.1	8,466.3	9,796.2	9,514.9
Reserves and retained earnings attributable to owners of the Company		(2,390.3)	(3,970.5)	(5,386.9)	(4,211.0)
Total equity attributable to owners of the Company	Note 16	**8,205.2**	**7,106.2**	**7,007.5**	**7,799.5**
Total equity attributable to non-controlling interests	Note 16.3	1,478.2	1,391.4	1,532.8	1,804.6
Equity	Note 16	**9,683.4**	**8,497.6**	**8,540.3**	**9,604.1**
Non-current provisions	Note 17	1,698.1	1,792.9	1,793.8	2,041.0
Non-current borrowings	Note 18	9,496.8	12,131.3	14,213.3	15,344.7
Non–current derivative instruments – Liabilities	Note 29	144.0	186.8	156.8	163.8
Deferred tax liabilities	Note 13	801.1	1,010.3	1,465.1	1,699.3
Non-current liabilities		**12,140.0**	**15,121.3**	**17,629.0**	**19,248.8**
Operating payables	Note 14	7,929.9	9,562.8	9,897.8	11,188.1
Current provisions	Note 17	439.7	466.7	533.6	634.7
Current borrowings	Note 18	2,912.8	3,606.1	3,753.2	2,370.5
Current derivative instruments – Liabilities	Note 29	37.9	73.6	85.0	51.1
Bank overdrafts and other cash position items	Note 15	216.1	252.7	390.5	339.6
Liabilities directly associated with assets classified as held for sale	Note 24	2,882.3	895.9	237.9	372.2
Current liabilities		**14,418.7**	**14,857.8**	**14,898.0**	**14,956.2**
TOTAL EQUITY AND LIABILITIES		**36,242.1**	**38,476.7**	**41,067.3**	**43,809.1**

The accompanying notes are an integral part of these consolidated financial statements.

(1) The consolidation standards presented in Note 1.1.4.1. and the revised Employee Benefits standard presented in Note 1.1.4.2. hereafter provide for mandatory retrospective application with effect from accounting periods commencing on or after January 1, 2013. The consolidated financial statements for comparative periods have been re-presented accordingly.

Furthermore, pursuant to IFRS 5.28 and IAS 28.21, the Group amended, retrospectively, the presentation of its investment in Transdev Group, which has been transferred from "Securities classified as held for sale" to "Investments in joint ventures, equity accounted".

1.2 Consolidated Income Statement

(€ million)		Year ended December 31, 2013 [1]	2012 [1] [3] re-presented	2011 [1] [3] re-presented
Revenue	Note 19	**22,314.8**	**23,238.9**	**22,482.4**
o/w Revenue from operating financial assets		*175.9*	*184.4*	*188.4*
Cost of sales		(18,959.9)	(19,563.0)	(18,881.3)
Selling costs		(536.0)	(532.9)	(516.7)
General and administrative expenses		(2,441.9)	(2,537.0)	(2,568.5)
Other operating revenue and expenses		113.5	105.3	56.1
Operating income	Note 20	**490.5**	**711.3**	**572.0**
Share of net income (loss) of equity-accounted entities		**178.7**	**(11.9)**	**(136.5)**
o/w share of net income (loss) of joint ventures	Note 8	160.3	(36.3)	(110.6)
o/w share of net income (loss) of associates	Note 9	18.4	24.4	(25.9)
Operating income after share of net income (loss) of equity-accounted entities		**669.2**	**699.4**	**435.5**
Finance costs	Note 21	(622.6)	(716.0)	(694.1)
Income from cash and cash equivalents	Note 21	46.4	71.8	102.0
Other financial income and expenses	Note 22	38.0	50.8	53.5
Income tax expense	Note 23	(128.3)	(52.9)	(439.1)
Share of net income (loss) of other equity-accounted entities	Notes 8 & 9	(51.5)	(45.3)	(470.9)
Net income (loss) from continuing operations		**(48.8)**	**7.8**	**(1,013.1)**
Net income (loss) from discontinued operations	Note 24	27.3	431.8	582.7
Net income for the year		**(21.5)**	**439.6**	**(430.4)**
Attributable to owners of the Company		**(135.3)**	**404.0**	**(488.1)**
Attributable to non-controlling interests in euros	Note 25	(113.8)	(35.6)	(57.7)
(in euros)				
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]	Note 26			
Diluted		(0.29)	0.79	(0.99)
Basic		(0.29)	0.79	(0.99)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]	Note 26			
Diluted		(0.32)	(0.15)	(2.16)
Basic		(0.32)	(0.15)	(2.16)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE [2]				
Diluted		0.03	0.94	1.17
Basic		0.03	0.94	1.17

The accompanying notes are an integral part of these consolidated financial statements.

(1) Pursuant to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the income statements of:

– discontinued operations in the course of divestiture, i.e. water activities in Morocco and global urban lighting activities (Citelum);

- discontinued operations divested, i.e. European wind energy activities divested in February 2013; the share of net income (loss) of the associate Berlin Water to December 2, 2013; regulated activities in the United Kingdom in the Water Division, divested in June 2012; solid waste activities in the United States in the Environmental Services Division, divested in November 2012; U.S. wind energy activities divested in December 2012; household assistance services (Proxiserve), divested in December 2011 and Environmental Services Division activities in Norway, divested in March 2011;

are presented in a separate line, Net income (loss) from discontinued operations, for the years ended December 31, 2013, 2012 and 2011.

Furthermore, as described in Note 3.3.4, the contribution of the Transdev Group was transferred to continuing operations for fiscal years 2013, 2012 and 2011.

(2) The weighted average number of shares outstanding at December 31, 2013, is 523.5 million (basic and diluted) - See Note 26, Earnings per share.

Basic earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year. Pursuant to IAS 33.19 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement.

(3) The consolidation standards presented in Note 1.1.4.1. and the revised IAS 19 Employee Benefits standard presented in Note 1.1.4.2. hereafter provide for mandatory retrospective application with effect from accounting periods commencing on or after January 1, 2013. The consolidated financial statements for comparative periods have been re-presented accordingly.

1.3 Consolidated Statement of Comprehensive Income

(€ million)	2013	2012 (3) re-presented	2011 (3) re-presented
Net income (loss) for the year	**(21.5)**	**439.6**	**(430.4)**
Actuarial gains and losses on pension obligations	17.3	(113.5)	(13.6)
Related income tax expense	1.3	12.6	(29.5)
Amount net of tax	18.6	(100.9)	(43.1)
Other items of comprehensive income not subsequently released to net income	**18.6**	**(100.9)**	**(43.1)**
o/w attributable to joint ventures (2)	***2.1***	***(16.0)***	***(7.6)***
o/w attributable to associates	***(0.1)***	***(0.2)***	***0.1***
Fair value adjustments on available-for-sale assets	3.0	5.9	(1.1)
Related income tax expense	0.6	(0.9)	0.4
Amount net of tax	3.6	5.0	(0.7)
Fair value adjustments on cash flow hedge derivatives	38.6	2.8	(48.7)
Related income tax expense	(13.0)	(1.0)	14.2
Amount net of tax	25.6	1.8	(34.5)
Foreign exchange gains and losses			
• on the translation of the financial statements of subsidiaries drawn up in a foreign currency	(255.2)	96.6	98.7
Amount net of tax	(255.2)	96.6	98.7
• On the net financing of foreign operations	89.3	88.9	(4.2)
• Related income tax expense	(0.6)	(2.5)	(82.3)
Amount net of tax	88.7	86.4	(86.5)
Other items of comprehensive income subsequently released to net income	**(137.3)**	**189.8**	**(22.9)**
o/w attributable to joint ventures (2)	***(37.1)***	***2.7***	***79.8***
o/w attributable to associates	***(4.1)***	***5.0***	***(12.7)***
Total Other comprehensive income (1)	**(118.7)**	**88.9**	**(66.0)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(140.2)**	**528.5**	**(496.4)**
Attributable to owners of the Company	*(208.3)*	*507.2*	*(547.2)*
Attributable to non-controlling interests	*68.1*	*21.3*	*50.8*

The accompanying notes are an integral part of these consolidated financial statements.

(1) *Other comprehensive income attributable to discontinued operations as defined in IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, is -€1.5 million for the year ended December 31, 2013, €136.5 million for the year ended December 31, 2012 and -€19.8 million for the year ended December 31, 2011.*

(2) *The share attributable to joint ventures mainly concerns Dalkia International, the Chinese Water concessions and Transdev Group.*

(3) *The consolidation standards presented in Note 1.1.4.1. and the revised IAS 19 Employee Benefits standard presented in Note 1.1.4.2. hereafter provide for mandatory retrospective application with effect from accounting periods commencing on or after January 1, 2013. The consolidated financial statements for comparative periods have been re-presented accordingly.*

1.4 Consolidated Cash Flow Statement

		Year ended December 31,		
(€ million)		2013	2012 [2] re-presented	2011[2] re-presented
Net income for the year		(21,5)	439.6	(430.4)
Operating depreciation, amortization, provisions and impairment losses	Note 20	1,507.0	1,472.8	1,616.1
Financial amortization and impairment losses		19.3	(4.1)	(2.8)
Gains/losses on disposal and dilution	Note 20	(181.4)	(710.1)	(608.0)
Share of net income (loss) of joint ventures	Note 8	(109.3)	60.1	572.1
Share of net income (loss) of associates	Note 9	(28.0)	(29.0)	24.7
Dividends received	Note 22	(3.1)	(3.3)	(2.8)
Finance costs and finance income	Note 21	599.6	680.1	632.2
Income tax expense	Note 23	133.8	151.1	471.0
Other items		54.0	115.9	75.3
Operating cash flow before changes in working capital		**1,970.4**	**2,173.1**	**2,347.4**
Changes in operating working capital	Note 14	(4.3)	31.4	(224.1)
Income taxes paid		(203.1)	(226.2)	(240.5)
Net cash from operating activities		**1,763.0**	**1,978.3**	**1,882.8**
Including Net cash from operating activities of discontinued operations [1]		***65.9***	***160.7***	***132.8***
Industrial investments	Note 39	(1,226.9)	(1,680.7)	(1,567.3)
Proceeds on disposal of intangible assets and property plant and equipment		120.2	94.1	117.0
Purchases of investments		(79.8)	(123.0)	(107.1)
Proceeds on disposal of financial assets (*)		807.1	2,827.2	1,784.8
Operating financial assets				
New operating financial assets	Note 11	(224.2)	(249.5)	(182.5)
Principal payments on operating financial assets	Note 11	202.1	181.0	232.2
Dividends received (including dividends received from joint ventures and associates)	Notes 8, 9 & 22	115.2	123.3	135.7
New non-current loans granted		(698.3)	(141.1)	(1,089.2)
Principal payments on non-current loans		307.3	26.6	100.4
Net decrease/increase in current loans		345.7	(19.5)	(260.1)
Net cash used in investing activities		**(331.6)**	**1,038.4**	**(836.1)**
Including Net cash used in investing activities of discontinued operations [1]		***610.9***	***2,413.2***	***205.6***
Net increase/decrease in current borrowings	Note 18	(1,389.0)	(1,027.0)	(4.0)
New non-current borrowings and other debts	Note 18	164.0	1,065.6	502.6
Principal payments on non-current borrowings and other debts	Note 18	(1,577.1)	(1,593.7)	(261.5)

Proceeds on issue of shares		13.2	9.1	(2.8)
Share capital reduction		-	-	-
Transactions with non-controlling interests: partial purchases		(15.3)	(106.8)	(44.9)
Transactions with non-controlling interests: partial sales		2.7	(2.2)	0.1
Proceeds on issue of deeply subordinated securities	Notes 16 & 18	1,470.2	-	-
Coupons on deeply subordinated securities		(16.6)	-	-
Purchases of/proceeds from treasury shares		-	-	2.2
Dividends paid		(191.3)	(434.3)	(403.0)
Interest paid		(693.1)	(697.2)	(600.2)
Net cash used in financing activities		**(2,232.3)**	**(2,786.5)**	**(811.5)**
Including Net cash used in financing activities of discontinued operations (1)		***(62.1)***	***107.6***	***(63.1)***
NET CASH AT THE BEGINNING OF THE YEAR		**4,745.3**	**4,634.9**	**4,415.3**
Effect of foreign exchange rate changes and other		113.9	(119.8)	(15.6)
NET CASH AT THE END OF THE YEAR		**4,058.3**	**4,745.3**	**4,634.9**
Cash and cash equivalents	Note 15	4,274.4	4,998.0	5,025.4
Bank overdrafts and other cash position items	Note 15	216.1	252.7	390.5
NET CASH AT THE END OF THE YEAR		**4,058.3**	**4,745.3**	**4,634.9**

(*) Proceeds on disposal of financial assets in the Consolidated Cash Flow Statement include financial disposals, cash and cash equivalents, bank overdrafts and other cash position items removed from the scope of consolidation.

In 2013, this amount includes, in particular, the divestiture of Berlin Water in the amount of €636 million, including the repayment of the VW Deutschland financial receivable for €547.7 million.

In 2012, this amount included, in particular, the disposal of regulated Water activities in the United Kingdom (€1,230 million) and solid waste activities in the United States in the Environmental Services Division (€1,461 million).

The accompanying notes are an integral part of these consolidated financial statements.

(1) Net cash flows attributable to discontinued operations as defined in IFRS 5 primarily concern:

- *a. Norwegian activities in the Environmental Services Division, divested in March 2011;*
- *b. Household assistance services (Proxiserve), divested in December 2011;*
- *c. Regulated Water activities in the United Kingdom divested in June 2012;*
- *d. Solid waste activities in the United States in the Environmental Services Division, divested in November 2012;*
- *e. U.S. wind energy activities, divested in December 2012;*
- *f. European wind energy activities, divested in February 2013;*
- *g. The Berlin Water associate to December 2, 2013;*
- *h. Water activities in Morocco;*
- *i. Global urban lighting activities (Citelum).*

Discontinued operations are presented in Notes 3 and 24.

(2) The consolidation standards presented in Note 1.1.4.1. and the revised IAS 19 Employee Benefits standard presented in Note 1.1.4.2. hereafter provide for mandatory retrospective application with effect from accounting periods commencing on or after January 1, 2013. The consolidated financial statements for comparative periods have been re-presented accordingly.

1.5 Statement of changes in equity

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As of January 1, 2011	**499,126,367**	**2,495.6**	**9,514.9**	**(444.7)**	**(3,750.1)**	**18.0**	**(34.2)**	**7,799.5**	**1,804.6**	**9,604.1**
Issues of share capital of the parent company	20,462,396	102.3	280.4	-	-	-	-	382.7	-	382.7
Parent company dividend distribution	-	-	-	-	(586.8)	-	-	(586.8)	-	(586.8)
Elimination of treasury shares	-	-	-	2.2	-	-	-	2.2	-	2.2
Share-based payments	64,197	0.3	0.9	-	1.8	-	-	3.0	-	3.0
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	-
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	(199.7)	(199.7)
Transactions with non-controlling interests	-	-	-	-	(43.7)	-	-	(43.7)	(0.8)	(44.5)
Total transactions with non-controlling interests	**20,526,593**	**102.6**	**281.3**	**2.2**	**(628.7)**	**-**	**-**	**(242.6)**	**(200.5)**	**(443.1)**
Foreign exchange translation	-	-	-	-	-	104.7	-	104.7	(6.0)	98.7
Net foreign investments	-	-	-	-	-	(10.1)	-	(10.1)	4.8	(5.3)
Actuarial gains and losses on pension obligations	-	-	-	-	(40.1)	-	-	(40.1)	(3.0)	(43.1)
Fair value adjustments on cash flow hedge derivatives	-	-	-	-	-	(81.1)	(31.9)	(113.0)	(2.6)	(115.6)
Fair value adjustments on AFS assets	-	-	-	-	-	-	(0.6)	(0.6)	(0.1)	(0.7)
Total Other comprehensive income	-	-	-	-	(40.1)	13.5	(32.5)	(59.1)	(6.9)	(66.0)
Net income for the year	-	-	-	-	(488.1)	-	-	(488.1)	57.7	(430.4)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(528.2)**	**13.5**	**(32.5)**	**(547.2)**	**50.8**	**(496.4)**
Other changes	-	-	-	-	(2.2)	-	-	(2.2)	(122.1)	(124.3)
As of December 31, 2011	**519,652,960**	**2,598.2**	**9,796.2**	**(442.5)**	**(4,909.2)**	**31.5**	**(66.7)**	**7,007.5**	**1,532.8**	**8,540.3**

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As of December 31, 2011, re-presented	**519,652,960**	**2,598.2**	**9,796.2**	**(442.5)**	**(4,909.2)**	**31.5**	**(66.7)**	**7,007.5**	**1,532.8**	**8,540.3**
Issues of share capital of the parent company	2,433,889	12.2	11.7	-	-	-	-	23.9	-	23.9
Parent company dividend distribution	-	-	(1,341.6)	-	987.8	-	-	(353.8)	-	(353.8)
Elimination of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	(1.1)	-	-	(1.1)	-	(1.1)
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	3.2	3.2
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	(104.4)	(104.4)
Transactions with non-controlling interests	-	-	-	-	(67.4)	-	-	(67.4)	(72.1)	(139.5)
Total transactions with non-controlling interests	**2,433,889**	**12.2**	**(1,329.9)**	**-**	**919.3**	**-**	**-**	**(398.4)**	**(173.3)**	**(571.7)**
Foreign exchange translation	-	-	-	-	-	100.5	-	100.5	(3.9)	96.6
Net foreign investments	-	-	-	-	-	114.8	-	114.8	(3.9)	110.9
Actuarial gains and losses on pension obligations	-	-	-	-	(94.2)	-	-	(94.2)	(6.7)	(100.9)
Fair value adjustments on cash flow hedge derivatives	-	-	-	-	-	(24.5)	1.6	(22.9)	0.2	(22.7)
Fair value adjustments on AFS assets	-	-	-	-	-	-	5.0	5.0	-	5.0
Total Other comprehensive income	-	-	-	-	(94.2)	190.8	6.6	103.2	(14.3)	88.9
Net income for the year	-	-	-	-	404.0	-	-	404.0	35.6	439.6
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**309.8**	**190.8**	**6.6**	**507.2**	**21.3**	**528.5**
Other changes	-	-	-	-	(10.1)	-	-	(10.1)	10.6	0.5
As of December 31, 2012, re-presented	**522,086,849**	**2,610.4**	**8,466.3**	**(442.5)**	**(3,690.2)**	**222.3**	**(60.1)**	**7,106.2**	**1,391.4**	**8,497.6**

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As of December 31, 2012, re-presented	**522,086,849**	**2,610.4**	**8,466.3**		**(442.5)**	**(3,690.2)**	**222.3**	**(60.1)**	**7,106.2**	**1,391.4**	**8,497.6**
Issues of share capital of the parent company	26,788,859	134.0	93.3	-	-	-	-	-	227.3	-	227.3
Issues of deeply subordinated securities	-	-	-	1,470.2	-	-	-	-	1,470.2	-	1,470.2
Coupon on deeply subordinated securities	-	-	-	(16.6)	-	-	-	-	(16.6)	-	(16,6)
Parent company dividend distribution	-	-	(708.5)	-	-	353.0	-	-	(355.5)	-	(355,5)
Elimination of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	13,2	13,2
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	-	(63.1)	(63.1)
Transactions with non-controlling interests	-	-	-	-	-	(1.0)	-	-	(1.0)	(13.5)	(14.5)
Total transactions with non-controlling interests	**26,788,859**	**134.0**	**(615.2)**	**1,453.6**	**-**	**352.0**	**-**	**-**	**1,324.4**	**(63.4)**	**1,261.0**
Foreign exchange translation	-	-	-	-	-	-	*(204.3)*	-	*(204.3)*	*(50.9)*	*(255.2)*
Net foreign investments	-	-	-	-	-	-	*87.2*	-	*87.2*	*1.5*	*88.7*
Actuarial gains and losses on pension obligations	-	-	-	-	-	*18.2*	-	-	*18.2*	*0.4*	*18.6*
Fair value adjustments on cash flow hedge derivatives	-	-	-	-	-	-	-	*24.1*	*24.1*	*1.5*	*25.6*
Fair value adjustments on AFS assets	-	-	-	-	-	-	-	*1.8*	*1.8*	*1.8*	*3.6*
Total Other comprehensive income	-	-	-	-	-	18.2	(117.1)	25.9	(73.0)	(45.7)	(118.7)
Net income for the year	-	-	-	-	-	(135.3)	-	-	(135 .3)	113.8	(21.5)
Total comprehensive income for the year	-	-	-	-	-	**(117.1)**	**(117.1)**	**25.9**	**(208.3)**	**68.1**	**(140.2)**
Other changes	-	-	-	-	-	(17.1)	-	-	(17.1)	82.1	65.0
As of December 31, 2013	**548,875,708**	**2,744.4**	**7,851.1**	**1,453.6**	**(442.5)**	**(3,472.4)**	**105.2**	**(34.2)**	**8,205.2**	**1,478.2**	**9,683.4**

The dividend distribution per share for fiscal year 2013 is €0.70, compared with €0.70 for fiscal year 2012 and €0.70 for fiscal year 2011.

A dividend distribution of €0.70 per share is proposed to the Annual General Shareholders' Meeting of April 24, 2014.

The total dividend paid recorded in the Consolidated Cash Flow Statement of €191 million, €434 million and €403 million for the years ended December 31, 2013, 2012 and 2011, respectively, breaks down as follows:

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Parent company dividend distribution	(355)	(354)	(587)
Third party share in dividend distributions of subsidiaries	(63)	(104)	(200)
Scrip dividend (1)	227	24	384
TOTAL DIVIDEND PAID	**(191)**	**(434)**	**(403)**

(1) The lines "Proceeds on issue of shares" and "Dividends paid" in the Consolidated Cash Flow Statement are presented net of scrip dividends as such distributions do not generate cash flows.

Notes to the Consolidated Financial Statements

Note 1 Accounting principles and methods

1.1 Accounting standards framework

1.1.1 Basis underlying the preparation of the financial information

Pursuant to Regulation no.1606/2002 of July 19, 2002, as amended by European Regulation no.297/2008 of March 11, 2008, the consolidated financial statements for the year ended December 31, 2013 are presented in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and IFRS as published by the International Accounting Standards Board (IASB). These standards may be consulted at the following European Union website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These financial statements are accompanied, for comparative purposes, by financial statements for fiscal years 2012 and 2011 drawn up in accordance with the same standards framework.

In the absence of IFRS standards or interpretations and in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Veolia Environnement refers to other IFRS dealing with similar or related issues and the conceptual framework. Where appropriate, the Group may use other standard references and in particular U.S. standards.

1.1.2 Standards, standard amendments and interpretations applicable from fiscal year 2013

The accounting principles and valuation rules applied by the Group in preparing the consolidated financial statements for the year ended December 31, 2013 are identical to those applied by the Group as of December 31, 2012, with the exception of the following standards, standard amendments and interpretations which came into mandatory effect as of January 1, 2013:

- IAS 19, revised, mainly eliminating the possibility of deferring the recognition of actuarial gains and losses (the corridor approach)
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IAS 28, *Investments in associates and joint ventures*
- Amendments to IFRS 10, IFRS 11 and IFRS 12 specifying transitional measures
- IFRS 13, *Fair value measurement*
- Amendments resulting from the IFRS annual improvement process (2009-2011 cycle)
- Amendments to IFRS 7, *Financial Instruments: Offsetting financial assets and liabilities.*

The first-time application of a certain number of these texts impacted the Group consolidated financial statements, as explained in Note 1.1.4, Changes in accounting method.

1.1.3 Texts which enter into mandatory effect after December 31, 2013

- Amendments to IAS 32, seeking to clarify the principles for offsetting financial assets and liabilities
- IFRS 9, *Financial Instruments*
- Amendments to IFRS 7 relating to disclosures on transition to IFRS 9
- IFRIC 21, *Levies*, which provides guidance on when to recognize a liability for a levy imposed by a government
- Amendments to IAS 36, *Impairment of Assets*, relating to required disclosures on the recoverable amount of non-financial assets
- Amendments to IAS 39, *Financial Instruments : Recognition and Measurement*, on novation of derivatives and continuation of hedge accounting
- Amendments to IAS 19, *Employee Benefits: employee contributions to defined benefit plans,* aimed at simplifying the accounting for contributions that are independent of the number of years of employee service
- Amendments resulting from the IFRS annual improvement process (2010-2012 and 2011-2013 cycles).

Subject to their definitive adoption by the European Union, these standards, standard amendments and interpretations are of mandatory application from January 1, 2014 or later. The Group is currently assessing the potential impact of the first-time application of these texts.

1.1.4 Changes in accounting method

1.1.4.1 First-time application of the new consolidation standards

The consolidation standards detailed above (IFRS 10, IFRS 11 and IFRS 12) were published in May 2011 and provide for retrospective application from fiscal years beginning on or after January 1, 2013. These standards were adopted by the European Union on December 29, 2012, with mandatory retrospective application from January 1, 2014 at the latest. Early adoption of these standards was however authorized.

The consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union and IFRS as published by the International Accounting Standards Board (IASB).

Accordingly, the Group has adopted these new standards early, with effect from January 1, 2013.

Impact of the first-time application of IFRS 10, *Consolidated Financial Statements*

IFRS 10 replaces the provisions on consolidated financial statements in IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*.

IFRS 10 introduces a new single control model based on three criteria: “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. Previously, control was defined in IAS 27 as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

With a view to the first-time application of this standard, the Group undertook an analysis of its investments to determine the level of control exercised over them pursuant to the new definition of control, covering all periods presented. In order to assess the three control criteria defined in IFRS 10, the Group developed an analysis framework encompassing specific situations involving several partners in a complex contractual environment.

The procedures performed did not identify any material impact of the first-time application of this standard (see Note 1.1.4.4).

Impact of first-time application of IFRS 11, *Joint Arrangements*

IFRS 11 replaces IAS 31, *Interests in Joint Ventures* and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. This new standard deals with how a joint arrangement should be classified when two or more parties have joint control. Pursuant to this new standard, there are only two types of joint arrangement: joint ventures and joint operations. Classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties (joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operation is a joint arrangement whereby the parties (joint operators) have direct rights to the assets and obligations for the liabilities, relating to the arrangement.

IAS 31 defined three types of joint arrangement, based primarily on the legal form thereof. Pursuant to IAS 31, the Group accounted for its joint arrangements, classified as joint ventures, using the proportionate consolidation method.

Pursuant to IFRS 11, joint arrangements classified as joint ventures must be accounted for using the equity method (proportionate consolidation is no longer authorized). Each joint operator in a joint operation must account for the assets and liabilities (income and expenses) relating to its interest in the joint operation.

Given the changes concerning the forms of joint arrangements and to consolidation methods, the Group undertook a review of its joint arrangements, covering all periods presented.

The main arrangements under joint control within the Group qualify as joint ventures pursuant to IFRS 11 and must therefore be equity-accounted in accordance with IFRS 11.

The impacts of the first-time application of IFRS 11 on joint operations are presented in Note 1.1.4.4.

Impact of the first-time application of IFRS 12, *Disclosure of Interests in Other Entities*

IFRS 12 concerns the disclosure of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. First-time application of this standard results in the provision of more detailed disclosures in the notes to the financial statements.

Impact of first-time application of IAS 28, revised

The first-time application of this revised standard has no impact on the consolidated financial statements of the Group. The amendments to this standard are primarily the result of the new consolidation standards referred to above.

1.1.4.2 First-time application of the revised employee benefits standard

In June 2011, the IASB published a revised *Employee Benefits* standard, IAS 19R, subsequently approved by the European Parliament on June 5, 2012. This standard is applicable to fiscal years commencing on or after January 1, 2013 and is of retrospective application.

The main changes to this revised standard are as follows:

- Immediate recognition of actuarial gains and losses in Other Comprehensive Income, removing the “corridor” option contained in the previous version of the standard. As the Group historically elected to apply the “SORIE” option, consisting in the immediate recognition of actuarial gains and losses arising in Other Comprehensive Income, this amendment has no impact on the consolidated financial statements;
- Immediate recognition in profit or loss of all past service costs; the recognition of past services costs relating to unvested post-employment benefits, through their deferral and recognition over the residual vesting period is therefore removed. Accordingly, all plan amendments and new plan introductions are recognized immediately and in full in profit or loss of the period;
- Introduction of a new concept: net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate used to calculate the defined benefit obligation. In practice, the expected return on plan assets in the previous version of the standard is replaced by the discount rate used to measure the defined benefit obligation.

1.1.4.3 First-time application of the new fair value measurement standard

IFRS 13 is a transversal standard applicable to all IFRS applying the fair value concept for measurement or disclosure purposes.

This standard seeks to define fair value, set out a framework for measuring fair value and clarify the disclosures required about fair value measurements.

This standard does not change the application scope of fair value within IFRS, but provides a certain number of clarifications on measurement and disclosures.

First-time application of this revised standard, of prospective application, does not have a material impact on the consolidated financial statements of the Group for the year ended December 31, 2013.

1.1.4.4 Impact of the first-time application of these new standards on the consolidated financial statements

The main entities concerned by the application of these standards and, in particular, IFRS 11 are:

- Dalkia International, a joint venture in the Energy Services Division held 75% by Dalkia and 25% by EDF ;
- Proactiva group, a joint venture in the "Other Segments" Division, held 50% with FCC until November 28, 2013, the date of acquisition of control (see Note 3.3);
- The Chinese Water concessions, comprising approximately twenty joint ventures in the Water Division with ultimate percentage interests of between 21% and 50%. The most significant concessions, in terms of revenue, are Shenzhen and Shanghai;
- Transdev Group, a joint venture between Caisse des dépôts et consignations and Veolia Environnement.

Impact of the first-time application of these new standards on the Group Consolidated Income Statements for the periods presented

The various lines of the Group Consolidated Income Statements presented below reflect the Consolidated Income Statement in its current presentation format, following the entry into effect of the new consolidation standards and recommendation no. 2013-01 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC) on April 4, 2013 on the presentation of the share of net income of equity-accounted entities in Consolidated Income Statements prepared in accordance with international accounting standards. In application of this recommendation and taking account of the nature of the activities of the Group's equity-accounted entities, the share of net income of the Group's equity-accounted entities, representing an extension of the Group's businesses, is included in the line "Operating income after share of net income (loss) of equity-accounted entities".

Accordingly, as described in Note 3.3.4 and given the Group's confirmed desire to continue its withdrawal from Transdev, the investments in Transdev/SNCM do not represent an extension of the Group's businesses within the meaning of the French Accounting Standards Authority's recommendation of April 4, 2013. The share of net income is therefore presented on the line "Share of net income (loss) of other equity-accounted entities".

These tables also present the impact of the reclassification of net income of operations divested or in the course of divestiture (solid waste activities in the United States, regulated water activities in the United Kingdom, U.S. and European wind energy activities, Water activities in Morocco, and the contribution of Berlin Water) to "Net income of discontinued operations" in accordance with IFRS 5 (see Note 24). While this is not an impact of a new standard, the IFRS 5 column was included to facilitate the reconciliation of published and re-presented comparative figures.

(€ million)	**Year-ended Dec. 31, 2011, published**	IFRS 5		First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolida-tion standards	First-time application of IFRS 19 R	**Year-ended Dec. 31, 2011, re-presented**
Revenue	29,647.3	(947.1)		(538.9)	(5,678.9)	(6,217.8)	0	22,482.4
Operating income	1,017.2	(159.2)		(67.5)	(220.9)	(288.4)	2.4	572.0
Operating income after share of net income (loss) of equity-accounted entities	1,017.2	(167.5)		(37.0)	(378.9)	(415.9)	1.7	435.5
Net income (loss) from continuing operations	(314.2)	(520.6)	(*)	(16.3)	(159.4)	(175.7)	(2.6)	(1,013.1)
Net income (loss) from discontinued operations	(2.4)	520.6	(*)	0	66.4	66.4	(1.9)	582.7
Net income for the year	(316.6)	0.0		(16.2)	(93.1)	(109.3)	(4.5)	(430.4)
Attributable to owners of the Company	*(489.8)*	*0*		*5.5*	*2*	7.5	*(5.8)*	(488.1)
Attributable to non-controlling interests	*(173.2)*	*0*		*21.7*	*95.1*	116.8	*(1.3)*	(57.7)
Net income (loss) attributable to owners of the Company								
- diluted	(0.99)	0		0	0	0	0	(0.99)
- basic	(0.99)	0		0	0	0	0	(0.99)

(*) including the reclassification of Veolia Transdev (see Note 3): -€399 million

(€ million)	**Year-ended Dec. 31, 2011, published**	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	**Year-ended Dec. 31, 2011, re-presented**
Net income (loss) for the year	**(316.6)**	**(16.2)**	**(93.1)**	**(109.3)**	**(4.5)**	**(430.4)**
Other items of comprehensive income not subsequently released to net income	(59.5)	0	4.0	4.0	12.4	(43.1)
Other items of comprehensive income subsequently released to net income	(43.4)	1.5	19.0	20.5	0	(22.9)
Total comprehensive income for the year	**(419.5)**	**(14.7)**	**(70.1)**	**(84.8)**	**7.9**	**(496.4)**

(€ million)	**Year-ended Dec. 31, 2012, published**	IFRS 5		First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolida-tion standards	First-time application of IFRS 19 R	**Year-ended Dec. 31, 2012, re-presented**
Revenue	29,438.5	0.0		(552.5)	(5,647.1)	(6,199.6)	0.0	23,238.9
Operating income	1,095.0	0.0		(65.9)	(329.4)	(395.3)	11.6	711.3
Operating income after share of net income (loss) of equity-accounted entities	1,095.0	(22.4)		(35.8)	(348.2)	(384.0)	10.8	699.4
Net income (loss) from continuing operations	143.7	(61.4)	(*)	(15.5)	(65.6)	(81.1)	6.6	7.8
Net income (loss) from discontinued operations	386.1	61.4	(*)	0.0	(11.2)	(11.2)	(4.5)	431.8
Net income (loss) for the year	529.8	0.0		(15.5)	(76.8)	(92.3)	2.1	439.6
Attributable to owners of the Company	*393.8*	*0.0*		*7.2*	*1.0*	8.2	*2.0*	404.0
Attributable to non-controlling interests	*(136.0)*	*0.0*		*22.7*	*77.8*	100.5	*(0.1)*	(35.6)
Net income (loss) attributable to owners of the Company								
- diluted	0.78	0		0.01	0	0.01	0	0.79
- basic	0.78	0		0.01	0	0.01	0	0.79

(*) including the reclassification of Veolia Transdev: €25.3 million

(€ million)	**Year-ended Dec. 31, 2012, published**	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	**Year-ended Dec. 31, 2012, re-presented**
Net income (loss) for the year	**529.8**	**(15.5)**	**(76.8)**	**(92.3)**	**2.1**	**439.6**
Other items of comprehensive income not subsequently released to net income	(111.2)	0.0	4.4	**4.4**	5.9	**(100.9)**
Other items of comprehensive income subsequently released to net income	214.6	(1.3)	(23.5)	**(24.8)**	0.0	**189.8**
Total comprehensive income for the year	**633.2**	**(16.8)**	**(95.9)**	**(112.7)**	**8.0**	**528.5**

Impact of the first-time application of these new standards on the Group Consolidated Statements of Financial Position for the periods presented

(€ million)	As of January 1, 2011, published	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	As of January 1, 2011, re-presented
Goodwill	6,840.2	(179.6)	(1,075.1)	(1,254.7)		5,585.5
Concession intangible assets	4,164.6	(9.3)	(2,191.4)	(2,200.7)		1,963.9
Other intangible assets	1,505.8	(4.1)	(295.0)	(299.1)		1,206.7
Property, plant and equipment	9,703.3	(196.2)	(1,397.5)	(1,593.7)		8,109.6
Investments in joint ventures	0.0	231.0	2,837.5	3,068.5	(2.4)	3,066.1
Investments in associates	311.7	(0.9)	60.3	59.4		371.1
Non-consolidated investments	130.7	(32.8)	(26.7)	(59.5)		71.2
Non-current operating financial assets	5,255.3	(18.0)	(3,028.1)	(3,046.1)		2,209.2
Non-current derivative instruments - Assets	621.1	0.0	0.5	0.5		621.6
Other non-current financial assets	773.1	(27.3)	1,689.0	1,661.7		2,434.8
Deferred tax assets	1,749.6	(8.8)	(168.6)	(177.4)	16.5	1,588.7
Non-current assets	**31,055.4**	**(246.0)**	**(3,595.1)**	**(3,841.1)**	**14.1**	**27,228.4**
Inventories and work-in-progress	1,130.6	(18.2)	(387.3)	(405.5)		725.1
Operating receivables	12,488.7	(102.6)	(2,498.6)	(2,601.2)		9,887.5
Current operating financial assets	373.3	(5.5)	(179.9)	(185.4)		187.9
Other current financial assets	132.3	0.1	157.7	157.8		290.1
Current derivative instruments - Assets	34.6	0.0	1.5	1.5		36.1
Cash and cash equivalents	5,406.8	(81.2)	(570.7)	(651.9)		4,754.9
Assets classified as held for sale	805.6	0.0	(106.5)	(106.5)		699.1
Current assets	**20,371.9**	**(207.4)**	**(3,583.8)**	**(3,791.2)**	**0.0**	**16,580.7**
TOTAL ASSETS	**51,427.3**	**(453.4)**	**(7,178.9)**	**(7,632.3)**	**14.1**	**43,809.1**
Total equity attributable to owners of the company	7,875.9	25.6	(31.2)	(5.6)	(70.8)	7,799.5
Total equity attributable to non-controlling interests	2,928.5	(103.3)	(1,011.6)	(1,114.9)	(9.0)	1,804.6
Equity	**10,804.4**	**(77.7)**	**(1,042.8)**	**(1,120.5)**	**(79.8)**	**9,604.1**
Non-current provisions	2,313.9	(70.1)	(296.7)	(366.8)	93.9	2,041.0
Non-current borrowings	17,896.1	(19.3)	(2,532.1)	(2,551.4)		15,344.7
Non-current derivative instruments - Liabilities	195.1	0.0	(31.3)	(31.3)		163.8
Deferred tax liabilities	2,101.4	(9.1)	(393.0)	(402.1)		1,699.3
Non-current liabilities	**22,506.5**	**(98.5)**	**(3,253.1)**	**(3,351.6)**	**93.9**	**19,248.8**
Operating payables	13,773.9	(94.1)	(2,491.7)	(2,585.8)		11,188.1
Current provisions	689.9	(3.9)	(51.3)	(55.2)		634.7
Current borrowings	2,827.1	(189.8)	(266.8)	(456.6)		2,370.5
Current derivative instruments - Liabilities	51.7	0.1	(0.7)	(0.6)		51.1
Bank overdrafts and other cash position items	387.0	10.5	(57.9)	(47.4)		339.6
Liabilities directly associated with assets classified as held for sale	386.8	0	(14.6)	(14.6)		372.2
Current liabilities	**18,116.4**	**(277.2)**	**(2,883.0)**	**(3,160.2)**	**0.0**	**14,956.2**
TOTAL EQUITY AND LIABILITIES	**51,427.3**	**(453.4)**	**(7,178.9)**	**(7,632.3)**	**14.1**	**43,809.1**

As of January 1, 2011, the impact of application of these new standards on equity attributable to non-controlling interests mainly concerns the equity-accounting of companies previously accounted for using proportionate consolidation and particularly:

- Water activities in Berlin in the amount of €(678.7) million
- Dalkia International in the amount of €(262.0) million

(€ million)	As of Dec. 31, 2011, published	IFRS 5	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	Year ended Dec. 31, 2011, re-presented
Goodwill	**5,795.9**		(172.9)	(826.8)	(999.7)	0.0	**4,796.2**
Concession intangible assets	**4,629.1**		(8.6)	(2,401.2)	(2,409.8)	0.0	**2,219.3**
Other intangible assets	**1,280.8**		(28.0)	(237.9)	(265.9)	0.0	**1,014.9**
Property, plant and equipment	**8,488.3**		(198.4)	(1,792.5)	(1,990.9)	0.0	**6,497.4**
Investments in joint ventures	**0.0**	227.5	237.6	2,706.1	2,943.7	(4.1)	**3,167.1**
Investments in associates	**325.2**		0.2	35.4	35.6	0.0	**360.8**
Non-consolidated investments	**106.3**		(32.4)	(8.5)	(40.9)	0.0	**65.4**
Non-current operating financial assets	**5,088.3**		(16.4)	(2,980.4)	(2,996.8)	0.0	**2,091.5**
Non-current derivative instruments - Assets	**742.8**		0.0	2.2	2.2	0.0	**745.0**
Other non-current financial assets	**736.5**		(28.1)	2,156.2	2,128.1	0.0	**2,864.6**
Deferred tax assets	**1,263.9**		(11.0)	(198.6)	(209.6)	10.7	**1,065.0**
Non-current assets	**28,457.1**	**227.5**	**(258.0)**	**(3,546.0)**	**(3,804.0)**	**6.6**	**24,887.2**
Inventories and work-in-progress	**1,020.8**		(21.5)	(334.8)	(356.3)	0.0	**664.5**
Operating receivables	**11,427.6**		(119.9)	(2,471.2)	(2,591.1)	0.0	**8,836.5**
Current operating financial assets	**357.0**		(5.0)	(186.8)	(191.8)	0.0	**165.2**
Other current financial assets	**114.6**		0.1	864.2	864.3	0.0	**978.9**
Current derivative instruments - Assets	**48.1**		0.0	1.5	1.5	0.0	**49.6**
Cash and cash equivalents	**5,723.9**		(85.8)	(612.7)	(698.5)	0.0	**5,025.4**
Assets classified as held for sale	**3,256.5**	**(227.5)**	0.0	(2,569.0)	(2,569.0)	0.0	**460.0**
Current assets	**21,948.5**	**(227.5)**	**(232.1)**	**(5,308.8)**	**(5,540.9)**	**0.0**	**16,180.1**
TOTAL ASSETS	**50,405.6**	**0.0**	**(490.1)**	**(8,854.8)**	**(9,344.9)**	**6.6**	**41,067.3**
Total equity attributable to owners of the company	**7,069.7**		33.0	(31.2)	1.8	(64.0)	**7,007.5**
Total equity attributable to non-controlling interests	**2,765.4**		(104.2)	(1,121.5)	(1,225.7)	(6.9)	**1,532.8**
Equity	**9,835.1**		**(71.2)**	**(1,152.7)**	**(1,223.9)**	**(70.9)**	**8,540.3**
Non-current provisions	**2,077.1**		(75.4)	(285.4)	(360.8)	77.5	**1,793.8**
Non-current borrowings	**16,706.7**		(15.9)	(2,477.5)	(2,493.4)	0.0	**14,213.3**
Non-current derivative instruments - Liabilities	**215.4**		0.0	(58.6)	(58.6)	0.0	**156.8**
Deferred tax liabilities	**1,891.1**		(13.9)	(412.1)	(426.0)	0.0	**1,465.1**
Non-current liabilities	**20,890.3**		**(105.2)**	**(3,233.6)**	**(3,338.8)**	**77.5**	**17,629.0**
Operating payables	**12,598.6**		(111.2)	(2,589.6)	(2,700.8)	0.0	**9,897.8**
Current provisions	**604.8**		(3.0)	(68.2)	(71.2)	0.0	**533.6**
Current borrowings	**3,942.3**		(200.1)	11.0	(189.1)	0.0	**3,753.2**
Current derivative instruments - Liabilities	**81.5**		0.0	3.5	3.5	0.0	**85.0**
Bank overdrafts and other cash position items	**440.2**		0.6	(50.3)	(49.7)	0.0	**390.5**
Liabilities directly associated with assets classified as held for sale	**2,012.8**		0.0	(1,774.9)	(1,774.9)	0.0	**237.9**
Current liabilities	**19,680.2**		**(313.7)**	**(4,468.5)**	**(4,782.2)**	**0.0**	**14,898.0**
TOTAL EQUITY AND LIABILITIES	**50,405.6**		**(490.1)**	**(8,854.8)**	**(9,344.9)**	**6.6**	**41,067.3**

(€ million)	As of Dec. 31, 2012, published	IFRS 5	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	As of Dec. 31, 2012, re-presented
Goodwill	**4,795.0**		(189.6)	(693.5)	(883.1)	0.0	**3,911.9**
Concession intangible assets	**4,518.6**		(8.2)	(2,137.3)	(2,145.5)	0.0	**2,373.1**
Other intangible assets	**1,142.9**		(6.6)	(210.0)	(216.6)	0.0	**926.3**
Property, plant and equipment	**6,837.9**		(200.1)	(1,931.5)	(2,131.6)	0.0	**4,706.3**
Investments in joint ventures	**0.0**	193.6	246.0	2,476.7	2,722.7	(1.5)	**2,914.8**
Investments in associates	**441.5**		(0.3)	36.5	36.2	0.0	**477.7**
Non-consolidated investments	**77.4**		(38.2)	7.8	(30.4)	0.0	**47.0**
Non-current operating financial assets	**2,650.7**		(17.4)	(417.4)	(434.8)	0.0	**2,215.9**
Non-current derivative instruments - Assets	**277.6**		0.0	2.4	2.4	0.0	**280.0**
Other non-current financial assets	**589.0**		(32.2)	1,884.5	1,852.3	0.0	**2,441.3**
Deferred tax assets	**1,243.1**		(13.0)	(220.0)	(233.0)	8.6	**1,018.7**
Non-current assets	**22,573.7**	**193.6**	**(259.6)**	**(1,201.8)**	**(1,461.4)**	**7.1**	**21,313.0**
Inventories and work-in-progress	**1,018.4**		(22.2)	(381.3)	(403.5)	0.0	**614.9**
Operating receivables	**10,305.9**		(125.0)	(1,607.0)	(1,732.0)	(0.1)	**8,573.8**
Current operating financial assets	**202.0**		(4.6)	(30.4)	(35.0)	0.0	**167.0**
Other current financial assets	**944.8**		(25.5)	569.3	543.8	0.0	**1,488.6**
Current derivative instruments - Assets	**45.2**		0.0	0.2	0.2	0.0	**45.4**
Cash and cash equivalents	**5,547.8**		(54.6)	(495.2)	(549.8)	0.0	**4,998.0**
Assets classified as held for sale	**3,974.3**	(193.6)	0.0	(2,500.9)	(2,500.9)	(3.8)	**1,276.0**
Current assets	**22,038.4**	**(193.6)**	**(231.9)**	**(4,445.3)**	**(4,677.2)**	**(3.9)**	**17,163.7**
TOTAL ASSETS	**44,612.1**	**0.0**	**(491.5)**	**(5,647.1)**	**(6,138.6)**	**3.2**	**38,476.7**
Total equity attributable to owners of the company	**7,152.1**		41.9	(31.9)	10.0	(55.9)	**7,106.2**
Total equity attributable to non-controlling interests	**1,973.6**		(128.5)	(447.4)	(575.9)	(6.3)	**1,391.4**
Equity	**9,125.7**		**(86.6)**	**(479.3)**	**(565.9)**	**(62.2)**	**8,497.6**
Non-current provisions	**2,092.7**		(81.3)	(284.0)	(365.3)	65.5	**1,792.9**
Non-current borrowings	**13,083.7**		(5.2)	(947.2)	(952.4)	0.0	**12,131.3**
Non-current derivative instruments - Liabilities	**235.1**		0.0	(48.4)	(48.4)	0.1	**186.8**
Deferred tax liabilities	**1,392.5**		(13.1)	(368.9)	(382.0)	(0.2)	**1,010.3**
Non-current liabilities	**16,804.0**		**(99.6)**	**(1,648.5)**	**(1,748.1)**	**65.4**	**15,121.3**
Operating payables	**11,598.7**		(129.4)	(1,906.5)	(2,035.9)	0.0	**9,562.8**
Current provisions	**543.0**		(3.9)	(72.4)	(76.3)	0.0	**466.7**
Current borrowings	**3,629.2**		(168.9)	145.8	(23.1)	0.0	**3,606.1**
Current derivative instruments - Liabilities	**71.8**		0.0	1.8	1.8	0.0	**73.6**
Bank overdrafts and other cash position items	**288.7**		(3.1)	(32.9)	(36.0)	0.0	**252.7**
Liabilities directly associated with assets classified as held for sale	**2,551.0**		0.0	(1,655.1)	(1,655.1)	0.0	**895.9**
Current liabilities	**18,682.4**		**(305.3)**	**(3,519.3)**	**(3,824.6)**	**0.0**	**14,857.8**
TOTAL EQUITY AND LIABILITIES	**44,612.1**		**(491.5)**	**(5,647.1)**	**(6,138.6)**	**3.2**	**38,476.7**

Impact of the first-time application of these new standards on the Group Consolidated Cash Flow Statements for the periods presented

(€ million)	CFS for the year ended Dec. 31, 2011, published	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	CFS for the year ended Dec. 31, 2011, re-presented
Net cash from operating activities	2,944.0	(98.4)	(962.8)	(1,061.2)	0.0	**1,882.8**
Net cash used in investing activities	(1,137.6)	90.6	210.9	301.5	0.0	**(836.1)**
Net cash used in financing activities	(1,375.9)	12.5	551.9	564.4		**(811.5)**
Effect of foreign exchange rate changes and other	(166.6)	0.6	150.4	151.0		**(15.6)**
Net cash at the beginning of the year	5,019.8	(91.7)	(512.8)	(604.5)		**4,415.3**
Net cash at the end of the year	5,283.7	(86.4)	(562.4)	(648.8)		**4,634.9**

(€ million)	CFS for the year ended Dec. 31, 2012, published	First-time application of IFRS 10	First-time application of IFRS 11	First-time application of consolidation standards	First-time application of IFRS 19 R	CFS for the year ended Dec. 31, 2012, re-presented
Net cash from operating activities	2,851.5	(111.6)	(761.6)	(873.2)	0.0	**1,978.3**
Net cash used in investing activities	427.9	58.1	552.4	610.5	0.0	**1,038.4**
Net cash used in financing activities	(3,114.8)	59.9	268.4	328.3	0.0	**(2,786.5)**
Effect of foreign exchange rate changes and other	(189.2)	28.5	40.9	69.4	0.0	**(119.8)**
Net cash at the beginning of the year	5,283.7	(86.4)	(562.4)	(648.8)	0.0	**4,634.9**
Net cash at the end of the year	5,259.1	(51.5)	(462.3)	(513.8)	0.0	**4,745.3**

1.2 General principles underlying the preparation of the financial statements

The accounting methods presented below have been applied consistently for all periods presented in the consolidated financial statements.

The consolidated financial statements are presented on a historical cost basis, with the exception of assets and liabilities held for sale measured in accordance with IFRS 5 and assets and liabilities recognized at fair value: derivatives, financial instruments held for trading, financial instruments designated at fair value and available-for-sale financial instruments (in accordance with IAS 32 and IAS 39).

The Veolia Environnement consolidated financial statements for the year ended December 31, 2013 were adopted by the Board of Directors on February 26, 2014 and will be presented for approval at the Annual General Shareholders' Meeting on April 24, 2014.

1.3 Basis of presentation as of December 31, 2013

The consolidated financial statements are presented in millions of euros, unless stated otherwise.

The consolidated financial statements comprise the financial statements of Veolia Environnement SA, the entities it controls (its subsidiaries) and the entities over which it exercises significant influence. The financial statements of subsidiaries are drawn up for the same reference period as those of the parent company, from January 1, to December 31, 2013, in accordance with uniform accounting policies and methods.

The Group reassess whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

1.4 Principles of Consolidation

1.4.1 Controlled entities

Veolia Environnement fully consolidates all entities over which it exercises control.

Definition of control

Control exists when the Group (i) holds power over an entity, (ii) is exposed or has rights to variable returns from its involvement with the entity and (iii) has the ability to use its power over the entity to effect the amount of its returns.

Full consolidation

The Group consolidates a subsidiary in its consolidated financial statements from the date it obtains control of the entity to the date it ceases to control the entity.

Non-controlling interests represent the equity in a subsidiary that is not directly or indirectly attributable to the Group.

Net income and each component of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests, even if this results in non-controlling interests having a deficit balance.

Change in ownership interests in consolidated subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a change in control over the subsidiaries are accounted for as equity transactions, as they are transactions performed by shareholders acting in this capacity.

The effects of these transactions are recognized in equity at their net-of-tax amount and do not therefore impact the Consolidated Income Statement of the Group.

These transactions are presented in financing activities in the Consolidated Cash Flow Statement.

1.4.2 Investments in joint ventures and associates

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity method

The results and assets and liabilities of associates or joint ventures are incorporated in the Group consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with the provisions of IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations.*

Under the equity method, the investment in the associate or joint venture is initially recognized at acquisition cost and subsequently adjusted to recognize the Group's share of the net income and other comprehensive income of the associate or joint venture.

An investment is accounted for using the equity method from the date on which the entity becomes an associate or joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the entity's identifiable assets and liabilities is recognized as goodwill. Any excess of the net fair value of the entity's identifiable assets and liabilities over the cost of the investment is recognized in profit or loss.

The share of net income (loss) of equity-accounted entities is included in the Group Consolidated Income Statement. Pursuant to recommendation no. 2013-01 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC) on April 4, 2013, the share of net income (loss) of equity-accounted entities must be included in "Operating income after share of net income (loss) of equity-accounted entities" or presented in a separate line "Share of net income (loss) of other equity-accounted entities" depending on whether the activities of such entities represent an extension of the Group's businesses.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transaction with the associate or joint venture are recognized in the Group consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Impairment tests

The requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, are applied to determine whether it is necessary to test an investment in an associate or joint venture for impairment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, *Impairment of Assets*.

Loss of significant influence or joint control

The equity method is discontinued from the date the investment ceases to be an associate or a joint venture. Where the Group retains a residual interest in the entity and that interest is a financial asset, the financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

Where an investment in an associate becomes an investment in a joint venture, or vice versa, the equity method continues to be applied and the change in ownership interest does not trigger remeasurement to fair value.

1.4.3 Investments in joint operations

Definition

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have direct rights to the assets, and obligations for the liabilities, relating to the arrangement.

Accounting for joint operations

As a joint operator in a joint operation, the Group recognizes in relation to its interest in the joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

As a joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

1.5 Transactions impacting the consolidation scope

1.5.1 Business combinations and goodwill

Business combinations are recorded in accordance with the acquisition method as defined in IFRS 3.

Under this method, identifiable assets acquired and liabilities assumed of the acquiree are recorded at fair value at the acquisition date.

The goodwill arising from the business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and, where applicable, the fair value of any previously held interest, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

This goodwill is measured in the functional currency of the company acquired and recognized in assets in the Consolidated Statement of Financial Position.

The Group may elect, on an individual transaction basis, at the acquisition date, to measure non-controlling interests either at fair value (full goodwill) or at the share in the fair value of the identifiable net assets of the company acquired.

Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed annually or more frequently where there is evidence calling into question the net carrying amount recorded in assets in the Statement of Financial Position (see Note 1.11, Impairment of intangible assets, property, plant and equipment and non–financial assets).

Where the terms and conditions of a business combination are advantageous, negative goodwill arises. The corresponding profit is recognized in net income at the acquisition date.

Acquisition-related costs are expensed in the period in which the costs are incurred and the services received.

Pursuant to the provisions of IFRS 3, the Group may finalize the recognition of the business combination during the measurement period. This period ends when all the necessary information has been obtained and no later than one year after the acquisition date.

In the absence of specific IFRS provisions on the creation of joint ventures, the Group applies the acquisition method set-out in IFRS 3, *Business combinations*, when accounting for acquisitions of joint ventures.

1.5.2 Assets/liabilities classified as held for sale, discontinued operations

IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations.

The standard notably requires the separate presentation of assets held for sale in the Consolidated Statement of Financial Position at the lower of net carrying amount and fair value less costs to sell, where the criteria set-out in the standard are satisfied.

When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

When the Group is committed to a sales process involving an investment or a portion of an investment in an associate or joint venture, the investment or portion of the investment for sale is classified as held for sale from the date the standard classification criteria are met and the equity method is no longer applied to the investment or portion of the investment classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale. After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39, unless the retained interest continues to be an associate or a joint venture, in which case the equity method is applied.

In addition, the standard requires the separate presentation in the Consolidated Income Statement of the results of discontinued operations for all comparative periods on a retrospective basis.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operations or;
- Is a subsidiary acquired exclusively with a view to resale.

1.6 Translation of foreign subsidiaries' financial statements

Statements of financial position, income statements and cash flow statements of subsidiaries whose functional currency is different from the presentation currency of the Group are translated into the presentation currency at the applicable rate of exchange (i.e. the year-end rate for statement of financial position items and the average annual rate for income statement and cash flow items). Foreign exchange translation gains and losses are recorded in other comprehensive income in equity. The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Year-end exchange rate *(one foreign currency unit = €xx)*	**As of December 31, 2013**	**As of December 31, 2012**	**As of December 31, 2011**
U.S. Dollar	0.7251	0.7579	0.7729
Pound Sterling	1.1995	1.2253	1.1972
Chinese Renminbi yuan	0.1198	0.1216	0.1226
Australian Dollar	0.6483	0.7867	0.7860
Average annual exchange rate *(one foreign currency unit = €xx)*	**Average annual rate 2013**	**Average annual rate 2012**	**Average annual rate 2011**
U.S. Dollar	0.7529	0.7778	0.7185
Pound Sterling	1.1776	1.2329	1.1523
Chinese Renminbi yuan	0.1225	0.1233	0.1112
Australian Dollar	0.7263	0.8056	0.7418

1.7 Foreign currency transactions

Foreign currency transactions are translated into euro at the exchange rate prevailing at the transaction date. At the year end, foreign currency-denominated monetary assets and liabilities are remeasured in euro at year-end exchange rates. The resulting foreign exchange gains and losses are recorded in net income for the period.

Loans to a foreign subsidiary, the settlement of which is neither planned nor probable in the foreseeable future represent, in substance, a portion of the Group's net investment in this foreign operation. Foreign exchange gains and losses on monetary items forming part of a net investment are recognized directly in other comprehensive income in foreign exchange translation adjustments and are released to income on the disposal of the net investment.

Exchange gains and losses on foreign currency-denominated borrowings or on currency derivatives that qualify as hedges of a net investment in a foreign operation, are recognized directly in other comprehensive income as foreign exchange translation adjustments. Amounts recognized in other comprehensive income are released to income on the sale date of the relevant investment.

Foreign currency-denominated non-monetary assets and liabilities recognized at historical cost are translated using the exchange rate prevailing as of the transaction date. Foreign currency-denominated non-monetary assets and liabilities recognized at fair value are translated using the exchange rate prevailing as of the date the fair value is determined.

1.8 Property, plant and equipment

Property, plant and equipment are recorded at historical acquisition cost to the Group, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are recorded by component, with each component depreciated over its useful life.

Useful lives are as follows:

	Range of useful lives in number of years *
Buildings	20 to 50
Technical systems	7 to 24
Vehicles	3 to 25
Other plant and equipment	3 to 12

* *The range of useful lives is due to the diversity of property, plant and equipment concerned.*

Property, plant and equipment are primarily depreciated on a straight-line basis, unless another systematic depreciation basis better reflects the rate of consumption of the asset.

Borrowing costs attributable to the acquisition or construction of identified installations, incurred during the construction period, are included in the cost of those assets in accordance with IAS 23, *Borrowing costs*.

A finance lease contract is a contract that transfers to the Group substantially all the risks and rewards related to the ownership of an asset.

Pursuant to IAS 17, assets financed by finance lease are initially recorded at the lower of fair value and the present value of future minimum lease payments. Subsequently, the Group does not apply the remeasurement model but the cost model as authorized by IAS 16 and IAS 38.

These assets are depreciated over the shorter of the expected useful life of the asset and the lease term, unless it is reasonably certain that the asset will become the property of the lessee at the end of the contract. This accounting policy complies with IAS 17 and Group accounting methods regarding the recognition and measurement of intangible assets and property, plant and equipment.

Given the nature of the Group's businesses, the subsidiaries do not own investment property in the normal course of their operations.

1.9 Government grants

1.9.1 Investment grants for property, plant and equipment

In accordance with the option offered by IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, investment grants are deducted from the gross carrying amount of property, plant and equipment to which they relate.

They are recognized as a reduction in the depreciation charge over the useful life of the depreciable asset.

When the construction of an asset covers more than one period, the portion of the grant not yet used is recorded in "Other liabilities" in the Consolidated Statement of Financial Position.

1.9.2 Investment grants relating to concession arrangements

Investment grants received in respect of concession arrangements (see Note 1.20) are generally definitively earned and, therefore, are not repayable.

In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets or financial assets depending on the applicable model following an analysis of each concession arrangement (IFRIC 12).

Under the intangible asset model, the grant reduces the amortization charge in respect of the concession intangible asset over the residual term of the concession arrangement.

Under the financial asset model, investment grants are equated to a means of repaying the operating financial asset.

1.9.3 Operating grants

Operating grants concern, by definition, operating items.

Where operating grants are intended to offset costs incurred, they are recognized as a deduction from the cost of goods sold over the period that matches them with related costs.

Where operating grants represent additional contractual remuneration of a recurring nature, such as contributions or compensation for inadequate revenue provided under certain public service delegation contracts, they are recognized in revenue.

1.10 Intangible assets excluding goodwill

Intangible assets are identifiable non-monetary assets without physical substance. They are recorded at acquisition cost less accumulated amortization and any accumulated impairment losses.

Intangible assets mainly consist of certain assets recognized in respect of concession arrangements (IFRIC 12), entry fees paid to local authorities for public service contracts, the value of contracts acquired through business combinations (“contractual rights”), patents, licenses, software and operating rights.

Intangible assets are amortized on a straight-line basis over their useful life, unless another systematic amortization basis better reflects the rate of consumption of the asset.

Useful lives are as follows:

	Range of useful lives in number of years *
Entry fees paid to local authorities	3 to 80
Purchased contractual rights	3 to 34
Purchased software	3 to 10
Other intangible assets	1 to 28

* *The range of useful lives is due to the diversity of intangible assets concerned.*

1.11 Impairment of intangible assets, property, plant and equipment and non-financial assets

The net carrying amount of non-financial assets, other than inventory and deferred tax assets is reviewed at each period end in order to assess the existence of any indication of loss in value. Where such indication exists, the recoverable amount of the asset or group of assets is estimated.

Goodwill and other assets with an indefinite useful life are subject to systematic annual impairment tests following the update of the long-term plan and more frequent tests where there is an indication of loss in value.

Where the resulting recoverable amount is less than the net carrying amount of the asset or group of assets, an impairment is recorded.

Impairment losses can be reversed, with the exception of those relating to goodwill.

Goodwill and impairment tests

A Cash-Generating Unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the Group’s activities, cash-generating units and groups of cash-generating units are below operating segments in the organizational structure and generally represent a country in each Division.

For the purpose of impairment tests, goodwill is allocated, from the acquisition date, to each of the cash-generating units or each of the groups of cash-generating units that are expected to benefit from the business combination.

A cash-generating unit to which goodwill has been allocated is subject to annual impairment tests and more frequent tests where there is an indication of impairment, by comparing the net carrying amount of the CGU, including the goodwill, to its recoverable amount.

Therefore, changes in the general economic and financial environment, or changes in the Group's economic performance or stock market capitalization represent, in particular, external indicators of impairment that are analyzed by the Group to determine whether it is appropriate to perform more frequent impairment tests.

Where appropriate, goodwill impairment is recognized in operating income and is definitive.

Measuring recoverable amount

The need to recognize an impairment is assessed by comparing the net carrying amount of the assets and liabilities of the CGU or group of CGUs with their recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is determined based on available information enabling the best estimate of the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The value in use determined by the Group is equal to the present value of the future cash flows expected to be derived from the CGU or group of CGUs, taking account of their residual value and based on the following:

- Forecast cash flows taken from the long-term plan prepared each year in June and validated by the Board of Directors in November. This plan covers the year in progress and the next six years. This period is representative of the average duration of the Group's long-term contract portfolio and its short-term activities. Exceptionally, the long–term plan was extended to 2025 for the "Water– China" CGU, in order to identify standard flows for the calculation of the terminal value, as Water activities in China follow a specific economic model, with extremely long contract terms (fifty years) and high investment flows during the initial contract years;

- Terminal values are calculated based on discounted forecast flows for the last year of the long-term plan (2019). These flows are determined for each CGU or group of CGUs based on a perpetual growth rate which takes account of factors such as inflation;

- A discount rate (weighted average cost of capital) is determined for each asset, CGU or group of CGUs: it is equal to the risk-free rate plus a risk premium weighted for country-specific risks (see Note 2). The discount rates estimated by management for each cash-generating unit therefore reflect current market assessments of the time value of money and the country specific risks to which the CGU or group of CGUs is exposed, with the other risks reflected in the expected future cash flows from the assets;

- Investments included in forecast future cash flows are those investments that enable the level of economic benefits expected to arise from the assets to be maintained in their current condition;

- Restructuring plans to which the Group is not committed are not included in forecast cash flows used to determine values in use.

1.12 Inventories

In accordance with IAS 2, *Inventories*, inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.13 Provisions

Pursuant to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recorded when, at the year end, the Group has a current legal or implicit obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

As part of its obligations under public services contracts, Veolia Environnement generally has contractual obligations for the maintenance and repair of the installations it manages. The resulting maintenance and repair costs are analyzed in accordance with IAS 37 on provisions and, where necessary, a provision for contractual commitments is recorded where there is outstanding work to be performed.

In the event of a restructuring, an obligation exists if, prior to the period end, the restructuring has been announced and a detailed plan produced or implementation has commenced. Future operating costs are not provided.

In the case of provisions for rehabilitation of landfill facilities, Veolia Environnement accounts for the obligation to restore a site as waste is deposited, recording a non-current asset component and taking into account inflation and the date on which expenses will be incurred (discounting). The asset is amortized based on its depletion.

Provisions giving rise to an outflow after more than one year are discounted if the impact is material. Discount rates reflect current assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recorded in the Consolidated Income Statement in "Other financial income and expenses".

1.14 Financial instruments

1.14.1 Financial assets and liabilities

Financial assets include assets classified as available-for-sale and held-to maturity, assets at fair value through the Consolidated Income Statement, asset derivative instruments, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts, liability derivative instruments and operating payables.

The recognition and measurement of financial assets and liabilities is governed by IAS 39. Fair value measurement incorporates, in particular, the risk of non-performance by the Group or its counterparties, determined based on default probabilities taken from rating agency tables.

1.14.2 Measurement, recognition and derecognition of financial assets

Financial assets are initially recognized at fair value plus transaction costs, where the assets concerned are not subsequently measured at fair value through the Consolidated Income Statement. Where the assets are measured at fair value through the Consolidated Income Statement, transaction costs are expensed directly to net income.

The Group classifies financial assets in one of the four categories identified by IAS 39 on the acquisition date.

1.14.2.1 Held-to-maturity assets

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturities, other than loans and receivables that the Group acquires with the positive intention and ability to hold to maturity. After initial recognition at fair value, held-to-maturity assets are recognized and measured at amortized cost using the effective interest method.

Held-to-maturity assets are reviewed for objective evidence of impairment. An impairment loss is recognized if the carrying amount of the financial asset exceeds the present value of future cash flows discounted at the initial effective interest rate (EIR). The impairment loss is recognized in the Consolidated Income Statement.

Net gains and losses on held-to-maturity assets consist of interest income and impairment losses.

1.14.2.2 Available-for-sale assets

Available-for-sale assets mainly consist of non-consolidated investments and marketable securities that do not qualify for inclusion in other financial asset categories. They are measured at fair value, with fair value movements recognized directly in other comprehensive income, except where there is a material or long-term unrealized capital loss. This can arise when future cash flows decrease to such an extent that the fair value of these assets falls materially or long-term below the historical cost. Where this is the case, the impairment loss is recognized in the Consolidated Income

Statement. Impairment reversals are recognized in the Consolidated Income Statement for debt securities only (receivables and bonds).

Amounts recognized in other comprehensive income are released to income on the sale of the available-for-sale assets. Fair value is equal to market value in the case of quoted securities and an estimate of the fair value in the case of unquoted securities, determined based on financial criteria most appropriate to the specific situation of each security. Non-consolidated investments which are not quoted in an active market and for which the fair value cannot be measured reliably, are recorded as a last resort by the Group at historical cost less any accumulated impairment losses.

Net gains and losses on available-for-sale assets consist of interest income, dividends, impairment losses and capital gains and losses on disposals.

1.14.2.3 Loans and receivables

This category includes loans to non-consolidated investments, operating financial assets, other loans and receivables and trade receivables. After initial recognition at fair value, these instruments are recognized and measured at amortized cost using the effective interest method.

An impairment loss is recognized if, where there exists an indication of impairment, the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial EIR. The impairment loss is recognized in the Consolidated Income Statement.

The impairment of trade receivables is calculated using two methods:

- A statistical method: this method is based on past losses and involves the application of a provision rate by category of aged receivables. The analysis is performed for a group of similar receivables, presenting similar credit characteristics as a result of belonging to a customer category and country;
- An individual method: the probability and amount of the loss is assessed on an individual case basis in particular for non-State public debtors (past due period, other receivables or payables with the counterparty, rating issued by an external rating agency, geographical location).

Net gains and losses on loans and receivables consist of interest income and impairment losses.

1.14.2.4 Assets and liabilities at fair value through the Consolidated Income Statement

This category includes:

- Trading assets and liabilities acquired by the Group for the purpose of selling them in the near term and which form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives not qualifying for hedge accounting are also considered trading assets and liabilities;
- Assets designated at fair value and primarily the portfolio of cash UCITS whose performance and management is based on fair value.

Changes in the value of these assets are recognized in the Consolidated Income Statement.

Net gains and losses on assets at fair value through the Consolidated Income Statement consist of interest income, dividends and fair value adjustments.

Net gains and losses on derivatives entered into for trading purposes consist of swapped flows and the change in the value of the instrument.

1.14.2.5 Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Group in a financial asset is recognized separately as an asset or liability.

1.14.3 Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments. In order to be considered a cash equivalent, an investment must be readily convertible to a known amount of cash and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

Term deposit accounts and negotiable debt instruments present characteristics satisfying the requirements of IAS 7 when their yield is based on short-term money-market rates (such as Eonia) and their maturity is less than 3 months (contractually or due to an early exit option exercisable at least every 3 months and held at a low or nil cost, without loss of capital or remuneration received net of the early exit penalty of less than the yield on short-term investments).

UCITS classified in "cash equivalents" comply with Directive 2009/65/EC of the European Commission of July 13, 2009 and constitute short-term monetary UCITS or monetary UICTS (pursuant to the AMF classification no. 2005-0212 of January 25, 2005, as amended on May 3, 2011). Pursuant to AMF Position no. 2011-13 of September 23, 2011, these UCITS are presumed to satisfy the cash equivalent criteria defined by IAS 7. These UCITS can be sold daily on demand, conferring on them the characteristics of short-term, highly liquid investments that are readily convertible to known amounts of cash. These instruments are not intended to be held more than three months and offer a yield similar to the EONIA (European Overnight Index Average) interbank rate, thereby limiting sensitivity to interest rates. The regularity of performance trends does not expose them to a material risk of change in value.

Cash and cash equivalents are valued at fair value through the Consolidated Income Statement. Note 1.26 sets out the method of determining fair value. Cash and cash equivalents belong to fair value levels 1 and 2:

- Instruments with a quoted price in an active market in level 1;
- Other instruments that are not quoted but the fair value of which is determined using valuation techniques involving standard mathematical calculation methods integrating observable market data, in level 2.

Bank overdrafts repayable on demand which form an integral part of the Group's cash management policy represent a component of cash and cash equivalents for the purposes of the Consolidated Cash Flow Statement.

1.14.4 Measurement and recognition of financial liabilities

With the exception of trading liabilities and liability derivative instruments which are measured at fair value, borrowings and other financial liabilities are recognized initially at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the estimated term of the financial instrument or, where applicable, over a shorter period, to the net carrying amount of the financial asset or liability.

When the financial liability issued includes an embedded derivative which must be recognized separately, the amortized cost is calculated on the debt component only. The amortized cost at the acquisition date is equal to the proceeds from the issue less the fair value of the embedded derivative.

1.14.5 Non-controlling interest put options

Pursuant to IFRS 10, non-controlling interests in fully consolidated subsidiaries are considered a component of equity.

Furthermore, in accordance with IAS 32, *Financial Instruments: Presentation*, non–controlling interest put options are recognized as liabilities.

1.14.6 Measurement and recognition of derivative instruments

The Group uses various derivative instruments to manage its exposure to interest rate and foreign exchange risks resulting from its operating, financial and investment activities. Certain transactions performed in accordance with the Group interest rate and foreign exchange risk management policy do not satisfy hedge accounting criteria and are recorded as trading instruments.

Derivative instruments are recognized in the Consolidated Statement of Financial Position at fair value. Other than the exceptions detailed below, changes in the fair value of derivative instruments are recorded through the Consolidated

Income Statement. The fair value of derivatives is estimated using standard valuation models which take into account active market data.

Net gains and losses on instruments at fair value through the Consolidated Income Statement consist of swapped flows and the change in the value of the instrument.

Derivative instruments may be designated as hedges under one of three types of hedging relationship: fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation:

- A fair value hedge is a hedge of exposure to changes in fair value of a recognized asset or liability, or an identified portion of such an asset or liability, that is attributable to a specific risk (primarily interest rate or foreign exchange risk), and could affect net income for the period;
- A cash flow hedge is a hedge of exposure to variability in cash flows that is attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction (such as a planned purchase or sale) and could affect net income for the period;
- A hedge of a net investment in a foreign operation hedges the exposure to foreign exchange risk of the net assets of a foreign operation including loans considered part of the investment (IAS 21, *The Effects of Changes in Foreign Exchange Rates*).

An asset, liability, firm commitment, future cash-flow or net investment in a foreign operation qualifies for hedge accounting if:

- The hedging relationship is precisely defined and documented at the inception date;
- The effectiveness of the hedge is demonstrated at inception and by regular verification of the offsetting nature of movements in the market value of the hedging instrument and the hedged item. The ineffective portion of the hedge is systematically recognized in the Consolidated Income Statement.

The use of hedge accounting has the following consequences:

- In the case of fair value hedges of existing assets and liabilities, the hedged portion of these items is measured at fair value in the Consolidated Statement of Financial Position. The gain or loss on remeasurement is recognized in the Consolidated Income Statement, where it is offset against matching gains or losses arising on the fair value remeasurement of the hedging financial instrument, to the extent it is effective;
- In the case of cash flow hedges, the portion of the gain or loss on the fair value remeasurement of the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, while the gain or loss on the fair value remeasurement of the underlying item is not recognized in the Consolidated Statement of Financial Position. The ineffective portion of the gain or loss on the hedging instrument is recognized in the Consolidated Income Statement. Gains or losses recognized in other comprehensive income are released to the Consolidated Income Statement in the same period or periods in which the asset acquired or liability issued impacts net income;
- In the case of net investment hedges, the effective portion of the gain or loss on the hedging instrument is recognized in translation reserves in other comprehensive income, while the ineffective portion is recognized in the Consolidated Income Statement. Gains and losses recognized in foreign exchange translation reserves are released to the Consolidated Income Statement when the foreign investment is sold.

1.14.7 Embedded derivatives

An embedded derivative is a component of a host contract that satisfies the definition of a derivative instrument and whose economic characteristics are not closely related to that of the host contract. An embedded derivative must be separated from its host contract and accounted for as a derivative if, and only if, the following three conditions are satisfied:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- The embedded derivative satisfies the definition of a derivative laid down in IAS 39; and
- The hybrid instrument is not measured at fair value with changes in fair value recognized in the Consolidated Income Statement.

1.14.8 Treasury shares

Treasury shares are deducted from equity.

Gains or losses arising from the sale of treasury shares and related dividends are recognized directly in equity and do not impact the Consolidated Income Statement.

1.15 Pension plans and other post-employment benefits

Veolia Environnement and its subsidiaries have several pension plans.

Defined contribution plans: plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for future payments.

These obligations are expensed in the Consolidated Income Statement when due.

Defined benefit plans: all plans which do not meet the definition of a defined contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. The amount of the obligation is discounted to present value and the fair value of plan assets is deducted.

Where the calculation shows a plan surplus, the asset recognized is capped at the total of the discounted present value of profits, in the form of future repayments or reductions in plan contributions. The plan surplus is recognized in non-current financial assets.

Certain obligations of the Group or Group entities may enjoy a right to reimbursement, corresponding to a commitment by a third party to repay in full or in part the expenses relating to these obligations. This right to reimbursement is recognized in non-current financial assets.

The financing of defined benefit pension plans may lead the Group to make voluntary contributions to pension funds. Where applicable, these voluntary contributions are presented in Net cash from operating activities in the Consolidated Cash Flow Statement, in the same way as other employer contributions.

Employee obligations of the Group are calculated using the projected unit credit method. This method is based on the probability of personnel remaining with companies in the Group until retirement, the foreseeable changes in future compensation, and the appropriate discount rate. Specific discount rates are adopted for each monetary area. They are determined based on the yield offered by bonds issued by leading companies (rated AA) or treasury bonds where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant region. This results in the recognition of pension-related assets or provisions in the Consolidated Statement of Financial Position and the recognition of the related net expenses.

Pursuant to IAS 19, *Employee Benefits*, actuarial gains and losses are recognized in other comprehensive income.

1.16 Share-based payments

Pursuant to IFRS 2, *Share-based Payment*, an expense is recorded in respect of share purchase or subscription plans and other share-based compensation granted by the Group to its employees. The fair value of these plans at grant date is expensed in the Consolidated Income Statement and recognized directly in equity in the period in which the benefit is vested and the service is rendered.

The fair value of purchase and subscription options is calculated using the Black and Scholes model, taking into account the expected life of the options, the risk-free interest rate, expected volatility, determined based on observed volatility in the past and dividends expected on the shares.

The compensation expense in respect of employee saving plans corresponds to the difference between the subscription price and the average share price at each subscription date, less a discount for non-transferability and to the Company's contribution to subscribers.

1.17 Revenue

Revenue represents sales of goods and services measured at the fair value of the counterparty received or receivable.

Revenue from the sale of goods or services is recognized when the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- The significant risks and rewards of ownership of the goods have been transferred to the buyer, in the case of sales of goods;
- The stage of completion of the transaction at the year-end may be reasonably determined in the case of sales of services;
- The recovery of the counterparty is considered probable;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.17.1 Sales of goods

Sales of goods mainly concern the sale of technological procedures and solutions relating to the treatment of water (drinking water and wastewater treatment) in the Water Division and sales of products related to recycling activities in the Environmental Services Division.

Revenue relating to these sales is recognized on physical delivery of the goods, which represents the transfer of the inherent risks of ownership of these goods.

1.17.2 Sales of services

The provision of services represents the majority of Group businesses such as the processing of waste, water distribution and related services, network operation and energy services (heat distribution, thermal services and public lighting).

Revenue from these activities is recognized when the service is rendered and it is probable that the economic benefits will flow to Group entities.

These activities involve the performance of a service agreed contractually (nature, price) with a public sector or industrial customer, within a set period. Billing is therefore based on the waste tonnage processed/incinerated, the volume of water distributed, the thermal power delivered or the number of passengers transported, multiplied by the contractually agreed price.

It should be noted that fees and taxes collected on behalf of local authorities are excluded from Revenue when the Group does not bear the risk of payment default by third parties.

1.17.3 Construction contracts (excluding service concession arrangements)

Construction contracts primarily concern the design and construction of the infrastructures necessary for water treatment/distribution and wastewater treatment activities.

The related revenue is recognized in accordance with IAS 11, *Construction Contracts* (see Note 1.22).

1.17.4 IFRIC 4 Contracts

Contracts falling within the scope of IFRIC 4, *Determining Whether an Arrangement Contains a Lease* (see Note 1.21), involve services generally rendered to industrial/private customers. All service components to which the parties have agreed are detailed in contracts such as BOT (Build, Operate, Transfer) contracts.

Services include the design, construction and financing of the construction of a specific asset/installation on behalf of the customer and the operation of the asset concerned. In this context and in accordance with IFRIC 4, revenue is recognized in accordance with the accounting method applicable to construction contracts.

Construction revenue is recognized in accordance with the percentage completion method and, more generally, the principles set out in IAS 11. At the same time, the amount of built assets is recorded in “Operating financial assets”.

The service invoiced to the customer includes a component representing the operation of the specific asset/installation concerned and a second component representing the financing of the construction.

- Revenue relating to the operation of the asset is recognized on delivery of the goods or performance of the service, in accordance with IAS 18.
- The financing of construction work involves finance costs that are invoiced to the customer and recognized in Revenue, under Revenue from operating financial assets. This interest is recognized in Revenue from the start of construction work and represents remuneration received by the builder/lender.

1.17.5 Concession arrangements (IFRIC)

See Note 1.20 on service concession arrangements.

1.18 Financial items in the Consolidated Income Statement

Finance costs consist of interest payable on borrowings calculated using the amortized cost method and losses on interest rate derivatives, both qualifying and not qualifying as hedges.

Interest costs included in payments under lease finance contracts are recorded using the effective interest method.

Finance income consists of gains on interest rate derivatives, both qualifying and not qualifying as hedges and income from cash investments and equivalents.

Interest income is recognized in the Consolidated Income Statement when earned, using the effective interest method.

Other financial income and expenses primarily include income on financial receivables calculated using the effective interest method, dividends, foreign exchange gains and losses, impairment losses on financial assets and the unwinding of discounts on provisions.

1.19 Income taxes

The income tax expense (income) includes the current tax expense (income) and the deferred tax expense (income).

Deferred tax assets are recognized on deductible timing differences and/or tax loss carry forwards.

Deferred tax assets arising from timing differences are only recognized when it is probable that:

- There are sufficient taxable timing differences within the same tax group or tax entity that are expected to reverse in the same periods as the expected reversal of such deductible timing differences or in the periods when the deferred tax assets arising from tax losses can be carried back or forward;
- Or the Group is likely to generate sufficient future taxable profits against which the asset can be offset.

At each period end, the Group reviews the recoverable amount of deferred tax assets arising from material tax losses carried-forward.

Deferred tax assets arising from these tax losses are no longer recognized or are reduced when required by the specific facts and circumstances of each company or tax group concerned, and particularly when:

- The forecast period and uncertainties regarding the economic environment no longer enable the probability of utilization to be assessed;
- The companies have not started utilizing the losses;
- The forecast utilization period exceeds the carry forward period authorized by tax legislation;
- Offset against future taxable profits is uncertain due to the risk of different interpretations of the application of tax legislation.

Deferred tax assets and liabilities are adjusted for the effects of changes in prevailing tax laws and rates at the year end. Deferred tax balances are not discounted.

1.20 Description of Group concession activities

In the course of its business, Veolia Environnement provides collective services (distribution of drinking water and heating, passenger transport network, household waste collection, etc.) to local authorities in return for a remuneration based on services rendered.

These collective services (also known as services of general interest or general economic interest or public services) are generally managed by Veolia Environnement under contracts entered into at the request of public bodies which retain control thereof.

Concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated installations built by Veolia Environnement, or made available to it for a fee or nil consideration:

- These contracts define "public service obligations" in return for remuneration. The remuneration is based on operating conditions, continuity of service, price rules and obligations with respect to the maintenance/replacement of installations. The contract determines the conditions for the transfer of installations to the local authority or a successor at its term;
- Veolia Environnement can, in certain cases, be responsible for a given service as it holds the service support network (water/heat distribution network, water treatment network). Such situations are the result of full or partial privatizations. Provisions impose public service obligations and the means by which the local authority may recover control of the concession holder.

These contracts generally include price review clauses. These clauses are mainly based on cost trends, inflation, changes in tax and/or other legislation and occasionally on changes in volumes and/or the occurrence of specific events changing the profitability of the contract.

In addition, the Group generally assumes a contractual obligation to maintain and repair facilities managed under public service contracts. The resulting maintenance and repair costs are analyzed in accordance with IAS 37 on provisions and, where appropriate, a provision for contractual commitments is recorded in respect of commitments resulting from delays in the performance of work.

The nature and extent of the Group's rights and obligations under these different contracts differ according to the public services rendered by the different Group divisions.

The accounting treatment is disclosed in Notes 5 and 11.

Water

Veolia Environnement manages municipal drinking water and/or waste water services. These services encompass all or part of the water cycle (extraction from natural sources, treatment, storage and distribution followed by collection and treatment of waste water and release into the environment).

In France, these services are primarily rendered under public service delegation "affermage" contracts with a term of 8 to 20 years. They concern the production and distribution of drinking water and/or the collection and treatment of waste water. They use specific assets, such as distribution or wastewater treatment networks and drinking water or wastewater treatment plants, which are generally provided by the concession grantor and returned to it at the end of the contract.

Abroad, Veolia Environnement renders its services under contracts which reflect local legislation, the economic situation of the country and the investment needs of each partner.

These contracts are generally concession arrangements, service contracts or O&M (Operate & Manage) and BOT contracts with an average term of between 7 and 40 years, and sometimes longer.

Contracts can also be entered into with public entities in which Veolia Environnement purchased an interest on their partial privatization. The profitability of these contracts is not fundamentally different from other contracts, but operations are based on a partnership agreement with the local authority.

Environmental Services

Both in France and abroad, the main concession arrangements entered into by Veolia Environnement concern the treatment and recovery of waste in sorting units, storage and incineration. These contracts have an average term of 18 to 30 years.

Energy Services

Veolia Environnement has developed a range of energy management activities: heating and cooling networks, thermal and multi-technical services, industrial utilities, installation and maintenance of production equipment, and integration services for the comprehensive management of buildings and electrical services on public roadways.

The main contracts concern the management of heating and air-conditioning networks under urban concessions or on behalf of local authorities.

In Eastern Europe, Veolia Environnement's Energy Services Division provides services under mixed partial privatizations or through public-private partnerships with local authorities responsible for the production and distribution of thermal energy.

Accounting for service concession arrangements

Concession arrangements are recognized in accordance with IFRIC 12, *Service Concession Arrangements*.

A substantial portion of the Group's assets is used within the framework of concession or affermage contracts granted by public sector customers ("grantors") and/or by concession companies purchased by the Group on full or partial privatization. The characteristics of these contracts vary significantly depending on the country and activity concerned.

Nonetheless, they generally provide, directly or indirectly, for customer involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

IFRIC 12 is applicable to concession arrangements comprising a public service obligation and satisfying all of the following criteria:

- The concession grantor controls or regulates the services to be provided by the operator using the asset, the infrastructure, the beneficiaries of the services and prices applied;
- The grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to IFRIC 12, such infrastructures are not recognized in assets of the operator as property, plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

1.20.1 Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Operating financial assets" and recognized at amortized cost.

Unless otherwise indicated in the contract, the effective interest rate is equal to the weighted average cost of capital of the entities carrying the assets concerned.

Cash flows relating to these operating financial assets are included in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement.

Pursuant to IAS 39, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial EIR.

The portion falling due within less than one year is presented in "Current operating financial assets," while the portion falling due within more than one year is presented in the non-current heading.

Revenue associated with this financial model includes:

- Revenue recorded on a completion basis, in the case of construction operating financial assets (in accordance with IAS 11);
- The remuneration of the operating financial asset recorded in Revenue from operating financial assets (excluding principal payments);
- Service remuneration.

1.20.2 Intangible asset model

The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the recoverable amount. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service in remuneration of concession services.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Concession intangible assets" and are amortized, generally on a straight-line basis, over the contract term.

Cash outflows, that is disbursements, relating to the construction of infrastructures under concession arrangements accounted using the “intangible asset model” are presented in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement, while cash inflows are presented in Net cash from operating activities.

Under the intangible asset model, Revenue includes:

- Revenue recorded on a completion basis for assets and infrastructure under construction (in accordance with IAS 11);
- Service remuneration.

1.20.3 Mixed or bifurcation model

The choice of the financial asset or intangible asset model depends on the existence of payment guarantees granted by the concession grantor.

However, certain contracts may include a payment commitment on the part of the concession grantor covering only part of the investment, with the balance covered by royalties charged to users.

Where this is the case, the investment amount guaranteed by the concession grantor is recognized under the financial asset model and the residual balance is recognized under the intangible asset model.

1.21 Finance leases

IFRIC 4 seeks to identify the contractual terms and conditions of agreements which, without taking the legal form of a lease, convey a right to use a group of assets in return for payments included in the overall contract remuneration. It identifies in such agreements a lease contract which is then analyzed and accounted for in accordance with the criteria laid down in IAS 17, based on the allocation of the risks and rewards of ownership.

The contract operator therefore becomes the lessor of its customers. Where the lease transfers the risks and rewards of ownership of the asset in accordance with IAS 17 criteria, the operator recognizes a financial asset to reflect the corresponding financing, rather than an item of property, plant and equipment.

These financial assets are recorded in the Consolidated Statement of Financial Position under the heading "Operating financial assets". They are initially recorded at the lower of fair value and total future flows and subsequently at amortized cost using the effective interest rate of the contract.

The portion falling due within less than one year is presented in "Current operating financial assets," while the portion falling due within more than one year is presented in the non-current heading.

Contracts falling within the scope of IFRIC 4 are either outsourcing contracts with industrial customers, BOT (Build, Operate and Transfer) contracts, or incineration or cogeneration contracts under which, notably, demand or volume risk is, in substance, transferred to the prime contractor.

During the construction phase, a financial receivable is recognized in the Consolidated Statement of Financial Position and revenue in the Consolidated Income Statement, in accordance with the percentage completion method laid down in IAS 11 on construction contracts.

The financial receivables resulting from this analysis are initially measured at the fair value of lease payments receivable and then amortized using the effective interest method.

After a review of the contract and its financing, the implied interest rate on the financial receivable is based on either the Group financing rate and /or the borrowing rate associated with the contract.

1.22 Construction contracts

Veolia Environnement recognizes income and expenses associated with construction contracts in accordance with the percentage of completion method defined in IAS 11.

These contracts are entered into with local authorities or private partners for the construction of infrastructures. They are generally fixed-price contracts as defined by IAS 11.

Revenue generated by construction services rendered by the Group is measured at the fair value of the consideration received or receivable, where total income and expenses associated with the construction contract and the stage of completion can be determined reliably.

The percentage of completion is determined by comparing costs incurred at the period end with total estimated costs under the contract. Costs incurred comprise costs directly attributable to the contract and borrowing costs incurred up to completion of the work. However, prospection costs, costs incurred prior to contract signature, and administrative and selling costs are expensed in the period incurred and do not therefore contribute to contract completion.

Where total contract costs exceed total contract revenue, the Group recognizes a loss to completion as an expense of the period, irrespective of the stage of completion and based on a best estimate of forecast results including, where appropriate, rights to additional income or compensation, where they are probable and can be determined reliably. Provisions for losses to completion are recorded as liabilities in the Consolidated Statement of Financial Position.

The amount of costs incurred, plus profits and less losses recognized and intermediary billings is determined on an individual contract basis. In accordance with IAS 11, where positive, this amount is recognized in assets in "amounts due from customers for construction contract work" (in “Other operating receivables”). Where negative, it is recognized in liabilities in "amounts due to customers for construction contract work" (in “Other operating payables”).

Partial payments received under construction contracts before the corresponding work has been performed, are recognized in liabilities in the Consolidated Statement of Financial Position under advances and down-payments received.

1.23 Electricity purchase and sale contracts

Certain Veolia Environnement subsidiaries are required to purchase or sell electricity on the market, in order to manage supplies and optimize costs.

1.23.1 Revenue

After analysis of contractual terms and conditions, the net margin on trading activity transactions is recognized in "Revenue".

1.23.2 Financial instruments

Certain subsidiaries enter into electricity transactions (forward contracts, options) which are recognized as derivative instruments in accordance with IAS 39.

1.23.2.1 Application scope of IAS 39

Options and forward purchase and sale contracts with physical delivery are excluded from the application scope of IAS 39 if entered into for own use (exception for own-use).

This exception is applicable when the following conditions are satisfied:

- The volumes purchased or sold under the contracts reflect the operating requirements of the subsidiary;
- The contracts are not subject to net settlement as defined by IAS 39 and, in particular, physical delivery is systematic;
- The contracts are not equivalent to sales of options, as defined by IAS 39.

1.23.2.2 Recognition and measurement of instruments falling within the application scope of IAS 39

Instruments falling within the application scope of IAS 39 are derivative instruments and are measured at fair value, calculated using models mostly based on observable data (see Note 1.26). Fair value movements are recorded in operating income. The net impact of the unwinding of these transactions is recorded in revenue (see Note 20).

1.24 Greenhouse gas emission rights

Pursuant to the Kyoto Protocol signed in 1997, the European Union undertook to reduce its greenhouse gas emissions by 8% in 2012 compared to 1990. Directive 2003/87/EC introduced an Emissions Trading Scheme (ETS) to transfer this commitment to the main emitters, that is, electricity and heat production combustion installations with thermal output greater than 20 MW and the main industrial sites in the European Union.

Directive 2009/29/EU extends the ETS beyond the EU's commitment under the Kyoto Protocol and provides for a 20% reduction in greenhouse gases in 2020 compared with 1990, through an equivalent reduction in emission allowances created. In this new phase, effective since July 1, 2013, the proportion of allowances granted free of charge decreases substantially in 2013 and then progressively each year. The new calculation method is no longer based on past emissions at each site, but on benchmark emissions for each sector and an annual reduction factor. On September 5, 2013, the European Commission set the total amount of allowances granted free of charge (Decision 2013/448/EU).

The actual emissions position is determined each year and the corresponding rights surrendered. The Group then purchases or sells emission rights, depending on whether actual emissions are greater or lesser than emission rights allocated.

In the absence of specific IFRS provisions, the Group has adopted the "net liability approach," which involves the recognition of a liability at the period end if actual emissions exceed allowances held, in accordance with IAS 37.

Allowances are managed as a production cost and, in this respect, are recognized in inventories at:

- Nil value, when they are received free of charge;
- Acquisition cost, if purchased for valuable consideration on the market.

Consumption of this inventory is recognized on a weighted-average unit cost basis.

Transactions in these allowances performed on the forward market are generally recognized outside the application scope of IAS 39 ("own use" exemption), except for certain specific transactions related to the hedging of electricity production activities.

1.25 Segment reporting

The operating segments are components of the Group that engage in activities and whose operating results are reviewed by the Group Chairman and Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance.

Information presented to the Chief Operating Decision Maker is taken from the Group internal reporting system.

Following the first-time application of the new consolidation standards with effect from fiscal year 2013, the Group now accounts for joint ventures using the equity method and not the proportionate consolidation method, as previously. The two major joint ventures, Dalkia International and Chinese Water concessions form an integral part of the Group's strategic development objectives. Accordingly, the operating performance of these joint ventures, based on proportional data, is followed by the Group Chairman and Chief Executive Officer inside their respective segment.

The following operating segments are therefore presented by the Group:

- **The Water segment,** including primarily drinking water and wastewater activities such as water distribution, water and wastewater treatment, industrial process water, manufacturing of water treatment equipment and systems.

- **The Environmental Services segment,** the main activities of which are the collection, processing and disposal of household, trade and industrial waste.

- **The Energy Services segment,** comprising the activities of Dalkia and TNAI in the United States.

- **"Other Segments",** grouping together the activities of Proactiva MedioAmbiente and the various Group holding companies.

Financial information by operating segment is prepared in accordance with the same rules used to prepare the Consolidated Financial Statements. For Dalkia International and Chinese Water concessions, main financial aggregates, in group share, are presented in the context of IFRS 8 disclosures.

The announcement on July 8, 2013 of the new organizational structure of the Group, does not change the terms of performance monitoring or resource allocation for the current year, which are based on decisions made at the beginning of the fiscal year, and therefore does not impact segment reporting in 2013.

Segment reporting will be modified from 2014 to take account of the reorganization of the Group (see Note 3.2)

1.26 Fair value determination principles

The fair value of all financial assets and liabilities is determined at the period end; either for recognition in the accounts or disclosure in the notes to the financial statements (see Note 27).

Fair value is determined:

i. Based on quoted prices in an active market (level 1) or;

ii. Using internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take account of a reasonable change in the credit risk of Veolia Group or the counterparty (level 2) or;

iii. Using internal valuation techniques integrating factors estimated by the Group in the absence of observable market data (level 3).

1.26.1 Quoted prices in an active market (level 1)

When quoted prices in an active market are available, they are adopted in priority for the determination of the market value. Marketable securities and certain quoted bond issues are valued in this way.

1.26.2 Fair values determined using models integrating observable market data (level 2)

The majority of derivative instruments (swaps, caps, floors, etc.) are traded over the counter and, as such, there are no quoted prices. Valuations are therefore determined using models commonly used by market participants to value such financial instruments.

Valuations calculated internally in respect of derivative instruments are tested every six months for consistency with valuations issued by our counterparties.

The fair value of unquoted borrowings is calculated by discounting contractual flows at the market rate of interest.

The net carrying amount of receivables and payables falling due within less than one year and certain floating-rate receivables and payables is considered a reasonable estimate of their fair value, due to the short payment and settlement periods applied by the Veolia Group.

The fair value of fixed-rate loans and receivables depends on movements in interest rates and the credit risk of the counterparty.

Valuations produced by these models are adjusted to take account of changes in Veolia Group credit risk.

1.26.3 Fair values determined using models integrating certain non-observable data (level 3)

Derivative instruments valued using internal models integrating certain non-observable data include certain electricity derivative instruments for which there are no quoted prices in an active market (notably for electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials, interest-rate curves, etc.), in particular for distant maturities.

Note 2 Use of management estimates in the application of Group accounting standards

Veolia Environnement may be required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent assets and liabilities. Future results may be different from these estimates.

Underlying estimates and assumptions are determined based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary to the determination of the carrying amount of assets and liabilities, which cannot be obtained directly from other sources. Future values could differ from these estimates.

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made if it affects this period only and in the period the change is made and prior periods if they are also affected by the change.

Accounting estimates underlying the preparation of the accounts were made in an uncertain economic and financial environment (volatile financial markets, government austerity measures, etc.) making economic forecasting more difficult. In this context, the consolidated financial statements for the period were prepared based on the current environment, particularly with respect to the estimates presented below:

Veolia Environnement must make assumptions and judgments when assessing the level of control exercised over certain investments and particularly when defining relevant activities and identifying substantial rights. These judgments are reassessed when the facts and circumstances change.

Pursuant to the provisions of IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met. Furthermore, discontinued operations are identified with respect to criteria also defined in IFRS 5. These assessments are reviewed at each period end taking account of any changes in facts or circumstances.

Notes 1.5.1 and 4 on goodwill and business combinations present the methods adopted for the fair value measurement of identifiable assets acquired and liabilities assumed in business combinations. Allocations are based on future cash flow assumptions and discount rates.

Notes 1.11, 4 and 20 concern goodwill and non-current asset impairment tests. Group management performed tests based on best forecasts of discounted future cash flows of the activities of the cash-generating units concerned. Sensitivity analyses were also performed on invested capital values and are presented in the aforementioned notes.

Notes 1.14 and 1.26 describe the principles adopted for the determination of financial instrument fair values.

Notes 13 and 23 concern deferred tax asset and liability balances and the income tax expense. They present the tax position of the Group and are based, primarily in France and in the United States, on best estimates available to the Group of results of tax audits in progress and trends in future tax results.

Notes 17, 30 and 35 on provisions, employee benefit obligation and contingent assets and liabilities, detail the provisions recognized by Veolia Environnement. Veolia Environnement determined these provisions based on best estimates of these obligations.

Note 29 on derivative instruments describes the accounting treatment of derivative instruments. Veolia Environnement valued these derivative instruments, allocated them and tested their effectiveness where necessary.

All these estimates are based on organized procedures for the collection of forecast information on future flows, validated by operating management, and on expected market data based on external indicators and used in accordance with consistent and documented methodologies.

The following calculation method was adopted for discount rates:

- Application of IAS 36, *Impairment of assets*: in accordance with Group practice, the discount rates used correspond to the weighted-average cost of capital, calculated annually at the end of the first half-year. A specific risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro zone and the following countries on the periphery of the euro zone: Belgium, Spain, Ireland, Italy, Portugal, Slovakia and Slovenia;
- Application of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*: the discount rates used consist of a risk-free interest rate and a risk premium specific to the underlying assets and liabilities;
- Application of IAS 19 revised, *Employee Benefits*: commitments were measured using a range of market indices and, in particular the Iboxx index, and data provided by actuaries. The same method was used year-on-year.

Note 3 Significant events

3.1 Economic and operating context

Fiscal year 2013 resisted well, in an uncertain economic context. It was primarily marked by:

- A fall in recycled raw material prices and volumes and a downturn in activity in Europe (primarily France and Germany) in the Waste Division;
- The contractual erosion in the Water Division in France, partially offset by the favorable impact of price increases in France and Central and Eastern Europe and by a slowdown in the Technologies and Networks business;
- The programmed stoppage of Gas cogeneration contracts partially offset by the favorable impact of energy prices compared with 2012 and favorable weather conditions in the Energy Services Division.

3.2 Ongoing implementation of the organization transformation plan

The Group continued its transformation plan and extensive program to optimize the asset portfolio.

3.2.1 Transformation of the Group organizational structure

On July 8, 2013, as part of the transformation of Veolia Environnement, the new organizational structure of the Group was announced, continuing the strategy implemented for the last two years to establish Veolia Environnement as "The Industry Standard for Environmental Solutions" thanks to its expertise in major environmental issues in the Water, Environmental Services and Energy Services sectors.

This new organization is based on two major advances: a country-based organization for Water and Environmental Services activities placed under the authority of a single director per country and the creation of two new functional departments: one dedicated to Innovation and Markets, the other to Technology and Performance.

With the exception of globally integrated activities, business operations are now brought together within each country, with Country Directors in charge of both Water and Environmental Services activities. The integrated and direct Group monitoring, under the operational authority of the Chief Operating Officer, is organized around country groupings, representing the first level of resource allocation.

Dalkia International, a subsidiary of Veolia Environnement and EDF, retains its current organizational structure but will be integrated into this new structure in due course.

Global specialty entities, whose markets are widely globalized, are included in a specific organization.

The composition of the Group Management Committee and Executive Committee was reviewed to better reflect this geographic structure and privilege the development of country-based synergies.

The announcement of the new organizational structure of the Group does not change the terms of performance monitoring or resource allocation for the current year and therefore does not impact segment reporting in 2013.

From 2014, the new organizational structure will lead the Group to adapt its segment reporting to better reflect the Group's performance as reviewed by the chief operating decision maker.

3.2.2 Shareholding restructuring of the Energy Services Division

In addition, on October 28, 2013, EDF and Veolia Environnement announced the launch of advanced discussions for the conclusion of an agreement on their joint subsidiary Dalkia. The Boards of Directors of these two groups met and approved the continuation of negotiations.

On completion of these discussions, EDF would acquire all Dalkia group activities in France, while Veolia Environnement would acquire the activities of Dalkia International; the sale of Dalkia France shares to EDF and the sale of Dalkia International shares by EDF to the Group are inseparable parts of the planned transaction. Under this transaction, Veolia Environnement would make a cash payment to EDF to compensate for the difference in value of the investments owned by the two shareholders in the various Dalkia group entities. The amount of this cash payment, estimated at €550 million, is likely to be adjusted to take account of the definitive structure of the transaction and the cash position of Dalkia SAS as of December 31, 2013.

Given the progress with the different processes necessary to the completion of the transaction (employee representative bodies, anti-trust authorities, carve-out), the transaction should be finalized in 2014.

This transaction will not lead to the Group's withdrawal from any countries nor the cessation of any of the Group's businesses, in particularly Energy Services.

Accordingly, this transaction is reflected as follows in the Group consolidated financial statements as of December 31, 2013:

- Transfer of Dalkia's assets and liabilities in France to "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" in the consolidated statement of financial position, pursuant to IFRS 5, for a net asset amount of €1,529.1 million, including Dalkia France external debt of €203.8 million;
- Remeasurement of Dalkia France assets and liabilities at the lower of net carrying amount and fair value less costs to sell, without any impact on the consolidated accounts of the Group as of December 31, 2013.

Furthermore, until the transaction completion date, the Group's investment in Dalkia International remains equity accounted.

Overall, the transaction should not impact the net financial debt of Veolia Environnement, which currently provides most of Dalkia group financing.

Following completion of the transaction, Dalkia's international activities will be held exclusively by the Group and fully consolidated.

The transaction will secure the development of Dalkia group activities internationally, while strengthening Veolia Environnement's ambitions in the energy services sector. It will also put an end to the litigation between EDF and Veolia Environnement pending before the Paris Commercial Court.

Once finalized, the draft agreement will be submitted for approval to EDF's and Veolia Environnement's respective Boards of Directors.

3.3 Changes in Group structure

3.3.1 Acquisition of Proactiva Medio Ambiente

On November 28, 2013, Veolia completed the acquisition of the 50% stake in Proactiva Medio Ambiente historically held by the Fomento de Construcciones y Contratas (FCC) group. This transaction will allow Veolia Environnement to consolidate its positions in Latin America in waste management and water treatment and support its development strategy in high-growth regions.

Had the acquisition been completed on January 1, 2013, Proactiva Medio Ambiente would have contributed revenue and operating income after share of net income (loss) of equity-accounted entities of €510.1 million and €42.7 million respectively.

The transaction was performed for a total consideration of €150 million, comprising a cash payment of €125 million paid on the date of acquisition of control, a reverse earn-out of €20 million tied to activity growth in one of the countries where Proactiva Medio Ambiente operates and a further €5 million tied to the renewal of the Buenos Aires contract, signed at the end of January 2014. In addition, acquisition costs borne by the Group total €3 million.

FCC group granted the Group vendor warranties of up to €22.5 million, including capped individual warranties covering environmental, legal and tax risks.

Accordingly, in 2013, Proactiva Medio Ambiente was equity accounted up to the date of acquisition of control and fully consolidated thereafter in accordance with the provisions of IFRS 3R, *Business Combinations*. Given the effective date of completion of the transaction, work on the valuation of Proactiva Medio Ambiente's assets and liabilities, as required by IFRS 3, is in progress. The measurement and calculation of goodwill will be finalized within the 12 months following the acquisition date.

This transaction is therefore reflected by:

- The recognition of net income of €82 million, equal to the fair value remeasurement of the investment stake previously held in Proactiva Medio Ambiente ;
- The recognition of provisional goodwill of €193 million;
- A financial investment of €238 million (enterprise value), comprising the cash payment of €125 million and additional Proactiva Medio Ambiente debt of €113 million, presented in "Purchases of investments" in the Consolidated Cash Flow Statement;
- In guarantee of the Reverse Earn Out clause, the Group placed part of the acquisition consideration (€20 million) in an escrow account. This frozen deposit is recognized as a financial receivable together with a corresponding financial investment liability to FCC group of €20 million.

3.3.2 Divestiture of Berlin Water

On September 10, 2013, the Group announced the signature of an agreement with the Federal State of Berlin authorities to sell its 24.95% stake in Berlin Water (BerlinWasser).

This transaction was presented for approval to the Council of Ministers and Parliament at the end of September 2013. The sale was completed on December 2, 2013 for a consideration of €636 million (enterprise value).

3.3.3 Other divestitures

The Group continued to implement its strategy, particularly through the following transactions:

- The divestiture of Eolfi's European activities on February 28, 2013, presented in discontinued operations since December 31, 2012;
- The divestiture of the Veolia Water subsidiary in Portugal (Compagnie Générale des Eaux du Portugal – Consultadoria e Engenharia) on June 21, 2013, to Beijing Enterprises Water Group, for an enterprise value of €91 million. This company had been presented in assets held for sale since March 28, 2013, the date of signature of the agreement with the buyer;
- The initial public offering on the Oman stock exchange of 35% (of which 19.25% held by the Group) of the shares of Sharqiyah Desalinisation Company on June 13, 2013, resulting for the Group in the sale of 1,255,128 shares for €2.7 million. Following the loss of control of Sharqiyah Desalinisation Company and given the residual investment of 35.75%, this entity was equity accounted as of December 31, 2013. The impact on Group net financial debt is €89 million;
- The deconsolidation of practically all Environmental Services activities in Italy, following the approval of the group voluntary liquidation plan (*Concordato preventivo di gruppo*, CPG) on July 17, 2013. The impact on Group net financial debt is €90 million;
- The divestiture of Marine Services Offshore on August 29, 2013 for an enterprise value of €23 million to Harkland Global Holdings Limited (US fund);
- The divestiture of Regaz by Dalkia France on December 12, 2013, for a consideration of €46.5 million.

Overall, these financial (in enterprise value) and industrial divestitures represented a total of €1,237 million in the year ended December 31, 2013.

3.3.4 Developments in the withdrawal process from the Transportation business

On May 4, 2010, the Caisse des dépôts et consignations and Veolia Environnement had concluded an agreement on the Transdev-Veolia Transport combination by the creation of a 50/50 joint venture combining Transdev and Veolia Transport. Following completion of the combination on **March 3, 2011**, Veolia Environnement became the industrial operator of the new entity and Caisse des dépôts et consignations a long-term strategic partner. From this date and pursuant to IFRS, Veolia Environnement lost exclusive control of Veolia Transport in exchange for a 50% investment in the Veolia Transdev joint venture, which was equity-accounted as a joint venture.

On December 6, 2011, during the Investor Day, the Group presented its strategic plan encompassing the refocusing of its activities and business portfolio and leading to the decision to withdraw from the Transportation sector. The announcement of this refocusing and progress with the withdrawal process as of December 31, 2011, led the Group to classify the Transportation business as a discontinued operation as defined by IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, and measure it at the lower of net carrying amount and disposal value.

In 2012, ongoing preparations for the withdrawal from the Transportation business and discussions with Caisse des dépôts et consignations, led the Group to reclassify the activities of the SNCM sub-group in continuing operations, this sub-group having been excluded from the divestiture process, while retaining the activities of Transdev Group, excluding SNCM, in discontinued operations, measured at the lower of net carrying amount and disposal value.

In 2013, the difficulties of Société nationale Corse Méditerranée (SNCM) did not enable Veolia Environnement to withdraw from Transdev Group.

The Memorandum of Understanding signed by Transdev Group’s two shareholders in October 2012 and providing for an increase in Caisse des dépôts et consignations’s stake in the share capital of Transdev Group to 60% and the transfer by Transdev Group to Veolia of its 66% stake in SNCM, lapsed on October 31, 2013, the deadline for signature of an agreement.

Accordingly, the Group modified the accounting presentation of its investment in Transdev Group for the publication of its 2013 financial statements, transferring it from “Assets classified as held for sale” (discontinued operations) to “Investments in joint ventures” (continuing operations), accounted for using the equity method. Pursuant to IFRS 5.28 and IAS 28.21, the Group modified retrospectively the accounting presentation of its investment in 2012 and 2011. Given the Group’s confirmed desire to continue its withdrawal from Transdev, the Group’s investment in the Transdev Group does not represent an extension of the Group’s businesses within the meaning of the French Accounting Standards Authority’s recommendation of April 4, 2013.

SNCM remains equity-accounted indirectly through the recognition of the Transdev Group joint venture. During closing procedures on the Group consolidated financial statements for the year ended December 31, 2013, the Group assessed its net exposure to SNCM as a result of its indirect interest.

Given the litigation proceedings disclosed in Note 35, Contingent assets and liabilities, the Group considers the best way to reflect in the accounts the exposure arising from its indirect interest in SNCM, is to recognize the amounts that would be payable under the most probable scenario, that is an appropriate collective procedure with a disposal plan associated with a transaction:

- In the Group consolidated financial statements as of December 31, 2013, the equity-accounting value of Transdev Group reflects a fair appraisal of the Group's exposure to its interest in SNCM;
- Veolia Environnement's receivable on SNCM of €14 million is fully provided in the Group consolidated financial statements as of December 31, 2013.

Under this scenario, the repayments claimed by the European Commission pursuant to the disputes regarding the privatization process (€220 million excluding interest) and compensation paid for so-called complementary services (€220 million excluding interest, representing the majority of the €300 million amount noted associated with risks related to SNCM in our quarterly financial report ending September 30, 2013), would not be paid (see Note 35, Contingent assets and liabilities). Should this scenario not prevail, the Company would reassess the financial impacts.

An assessment by the Group of the value in use of Transdev Group (excluding SNCM) confirmed its net carrying amount.

3.4 Group financing

3.4.1 Issuance of subordinated perpetual hybrid debt in Euros and Pound Sterling

At the beginning of January 2013, Veolia Environnement launched the issuance of deeply subordinated perpetual hybrid debt in euros and pound sterling (€1 billion at 4.5% yield for the tranche in euros and £400 million at 4.875% yield for the tranche in sterling, redeemable from April 2018). This transaction enables the Group to reinforce its financial structure in conjunction with its transformation while strengthening its credit ratios. This issuance is treated as equity in the Group's consolidated IFRS accounts.

3.4.2 Financing of Dalkia's international activities

On February 8, 2013, an agreement relating to the financing of Dalkia International was signed by Veolia Environnement, EDF and Dalkia International.

This agreement entered into effect on February 27, 2013 and led to the issuance of €600 million in deeply subordinated bonds by Dalkia International, subscribed by its shareholders in proportion to their direct interest in the capital i.e. €144 million for EDF and €456 million for Dalkia, financed by a long-term loan from Veolia Environnement.

In addition, the debt of SPEC, a Polish subsidiary of the joint venture Dalkia International, co-financed by Dalkia France and EDF, was repaid early in the amount of €375 million at the beginning of August 2013.

3.4.3 Buyback of U.S. dollar and euro-denominated bonds

At the beginning of June 2013, Veolia Environnement performed partial buybacks of its bond lines: €200 million of the euro-denominated bond line paying a coupon of 5.25% and maturing in April 2014, €103 million of the euro-denominated bond line paying a coupon of 4.0% and maturing in February 2016, €86 million of the euro-denominated bond line paying a coupon of 4.375% and maturing in January 2017, €129 million of the euro-denominated bond line paying a coupon of 5.375% and maturing in May 2018, €109 million of the euro-denominated bond line paying a coupon of 4.375% and maturing in December 2020 and USD 94 million of the USD-denominated bond line paying a coupon of 6.0% and maturing in June 2018. The total cost of these buybacks of €43 million was recorded as adjustment to net finance costs.

On December 17, 2013, Veolia Environnement performed partial buybacks of its bond lines: €25 million of the euro-denominated bond line paying a coupon of 5.25% and maturing in April 2014, €33 million of the euro-denominated bond line paying a coupon of 4% and maturing in February 2016, €42 million of the euro-denominated bond line paying a coupon of 4.375% and maturing in January 2017, €19 million of the euro-denominated bond line paying a coupon of 5.375% and maturing in May 2018, €60 million of the euro-denominated bond line paying a coupon of 4.375% and maturing in December 2020, €150 million of the euro-denominated bond line paying a coupon of 5.125% and maturing in May 2022 and USD 23 million of the USD-denominated bond line paying a coupon of 6% and maturing in June 2018. The total cost of these buybacks of €30 million was recorded as adjustment to net finance costs.

These transactions form part of the active debt management and financing cost optimization strategy adopted by Veolia Environnement to reduce the cost of carry of available cash following the divestitures performed in 2012 and 2013.

3.4.4 Dividend payment

As decided at the Annual General Shareholders' Meeting of May 14, 2013, the Group offered shareholders a choice of payment of the dividend in cash or shares. The share payment option was taken-up for 64.86% of coupons payable, resulting in the creation of 26,788,859 shares representing approximately 4.88% of share capital and 5.01% of voting rights. Accordingly, the dividend payment in cash totaled €127.5 million and was paid on June 14, 2013.

3.5 Other major events

3.5.1 Closure of the European Commission investigation

In a decision dated April 23, 2013, the European Commission after reviewing the documents filed, decided to close the procedure opened in 2010 into suspicions of the existence of a cartel and abuse of a dominant position in the water distribution and wastewater treatment delegated management sector in France.

3.5.2 Reorganization of Water activities in France

During the second half of 2013, Executive Management of the Water Division announced a reorganization of Water activities in France. The Group recognized a restructuring provision of €97 million in this respect as of December 31, 2013 (see also Note 20).

Note 4 Goodwill

4.1 Movements in goodwill

Goodwill breaks down as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012 re-presented	As of December 31, 2011, re-presented
Gross	4,233.6	4,567.9	5,415.9
Accumulated impairment losses	(747.3)	(656.0)	(619.7)
NET	**3,486.3**	**3,911.9**	**4,796.2**

The main goodwill balances in net carrying amount by cash-generating unit (amounts in excess of €200 million) are as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Water – Distribution France	868.9	868.9	869.3
Environmental Services - United Kingdom	747.4	763.2	744.4
Environmental Services – Germany	247.7	397.7	397.6
Water Solutions & Technologies	293.0	304.7	289.7
Environmental Services - France	256.3	255.6	254.3
Water – Czech Republic	214.3	233.1	227.5
Goodwill balances > €200 million as of December 31, 2013	**2,627.6**	**2,823.2**	**2,782.8**
Dalkia – France (1)	-	317.9	317.9
Water - United Kingdom	-	-	236.7
Environmental Services - North America Solid Waste	-	0.9	660.1
Goodwill balances > €200 million on divestitures during 2012 and 2013	**-**	**318.8**	**1,214.7**
Other goodwill balances < €200 million	858.7	769.9	798.7
TOTAL GOODWILL	**3,486.3**	**3,911.9**	**4,796.2**

(1) Transferred to "Assets classified as held for sale" – see Note 3

Goodwill balances of less than €200 million break down by Division as follows:

Goodwill < €200 million *(€ million)*	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Water	292.2	311.9	299.9
Environmental Services	362.8	391.0	412.1
Energy Services	-	56.1	56.1
Other	203.7(2)	10.9	30.6
TOTAL	**858.7**	**769.9**	**798.7**

(2) Including provisional goodwill of Proactiva Medio Ambiente: €193 million as of December 31, 2013

As of December 31, 2013, accumulated impairment losses total €747.3 million and mainly concern goodwill of the "Environmental Services - Germany" cash-generating unit (€493.0 million), the "Energy Services - United States" cash-generating unit (€154.5 million) and the "Water - United Kingdom" cash-generating unit (€50.5 million).

Movements in the net carrying amount of goodwill by Division are as follows:

(€ million)	**As of December 31, 2012, re-presented**	**Changes in consolidation scope**	**Foreign exchange translation**	**Impairment losses**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2013**
Water	1,718.6	(11.2)	(39.8)	(0.6)	1.4	-	**1,668.4**
Environmental Services	1,808.4	14.0	(39.4)	(168.0)	(0.8)	-	**1,614.2**
Energy Services	374.0	-	-	-	(374.0)	-	**-**
Other	10.9	192.9	(0.1)	-	-	-	**203.7**
GOODWILL	**3,911.9**	**195.7**	**(79.3)**	**(168.6)**	**(373.4)**	**-**	**3,486.3**

Changes in consolidation scope primarily concern the acquisition of an additional stake in Proactiva Medio Ambiente (see Note 3.3) in the amount of €193.0 million.

Foreign exchange translation gains and losses are primarily due to movements in the Australian dollar, the Czech crown, the pound sterling, the Japanese yen and the US dollar against the euro in the amount of -€16.8 million, -€19.0 million, -€17.0 million, -€6.1 million and -€5.9 million, respectively.

Transfers to Assets classified as held for sale primarily concern Dalkia France as of December 31, 2013 (see Note 3.2.1).

Impairment losses recognized in the year total -€168.6 million, including -€0.2 million transferred to net income (loss) from discontinued operations and -€168.4 million presented in operating income. A detailed breakdown is provided in Note 20. These impairment losses mainly concern Environmental Services activities in Germany (-€150.0 million) and in Poland (-€17.9 million).

Recap: Movements in the net carrying amount of goodwill during **2012** are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Changes in consolidation scope**	**Foreign exchange translation**	**Impairment losses**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Water	1,923.1	(120.6)	10.3	(92.4)	(1.3)	(0.5)	1,718.6
Environmental Services	2,468.5	(668.5)	24.9	(13.2)	-	(3.3)	1,808.4
Energy Services	374.0	-	(1.8)	(11.1)	12.9	-	374.0
Other	30.6	3.5	-	(23.2)	-	-	10.9
GOODWILL	**4,796.2**	**(785.6)**	**33.4**	**(139.9)**	**11.6**	**(3.8)**	**3,911.9**

Changes in consolidation scope primarily concern the acquisition of control of Azaliya (+€58.6 million) and the divestiture of regulated Water activities in the United Kingdom (-€192.8 million) and of solid waste activities in the United States (-€666.2 million).

Foreign exchange translation gains and losses are primarily due to the appreciation of the pound sterling and the U.S. dollar against the euro in the amount of €26.6 million and €3.9 million, respectively.

Transfers to Assets classified as held for sale mainly concern the assets of Water activities in Morocco in line with the reclassification to discontinued operations of these activities as of December 31, 2012.

Impairment losses recognized in the year total -€139.9 million, including -€75.1 million transferred to net income (loss) from discontinued operations and -€64.8 million presented in operating income. A detailed breakdown is provided in Note 20.

Impairment losses transferred to net income (loss) from discontinued operations mainly concern Water activities in Morocco (-€40.8 million), and European wind energy activities (-€23.2 million).

Recap: Movements in the net carrying amount of goodwill during **2011** are as follows:

(€ million)	**As of December 31, 2010, re-presented**	**Changes in consolidation scope**	**Foreign exchange translation**	**Impairment losses**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2011, re-presented**
Water	1,934.4	(11.0)	2.8	(17.0)	13.0	0.9	1,923.1
Environmental Services	2,498.7	3.0	46.0	(75.9)	(3.3)	-	2,468.5
Energy Services	573.0	(25.1)	(7.9)	(153.1)	(12.9)	-	374.0
Transportation	549.0	(543.6)	(5.4)	-	-	-	-
Other	30.4	-	0.2	-	-	-	30.6
GOODWILL	**5,585.5**	**(576.9)**	**35.7**	**(246.0)**	**(3.2)**	**0.9**	**4,796.2**

Changes in consolidation scope primarily concern the deconsolidation of the goodwill of fully-consolidated Veolia Transport activities following the Transdev Group transaction resulting in the recognition of Veolia Transdev Group as a joint venture from March 3, 2011 (-€543.6 million).

Foreign exchange translation gains and losses are primarily due to movements in the pound sterling and the U.S. dollar and the depreciation of the Czech crown against the euro in the amount of €30.2 million, €18.6 million and -€6.5 million, respectively.

Transfers to Assets classified as held for sale mainly concern the global activities of the Citelum sub-group for -€12.9 million and the reclassification to continuing operations of Water activities in Gabon following the interruption of the divestiture process at the beginning of 2012 for €13 million.

Impairment losses recognized in the year total -€246.0 million, including -€153.1 million in the United States in the Energy Services Division, -€75.9 million in Italy in the Environmental Services Division and -€16.5 million in Italy in the Water Division.

4.2 Impairment tests

Veolia Environnement performs systematic annual impairment tests in respect of goodwill and other intangible assets with an indefinite useful life. More frequent tests are performed where there is indication that the cash-generating unit may have suffered a loss in value, in accordance with the procedures set out in Note 1.11.

Veolia Environnement Group has 41 cash-generating units as of December 31, 2013, including 19 cash-generating units with allocated goodwill in excess of €20 million.

Key assumptions underlying the determination of recoverable amounts

The calculation basis for recoverable amounts is presented in Note 1.11.

Changes in the economic and financial context, as well as changes in the competitive or regulatory environment may impact estimates of recoverable amounts, as may unforeseen changes in the political, economic or legal systems of certain countries.

Cash flow projections in the long-term plan reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the long-term plan.

Other assumptions influencing the determination of recoverable amounts are the discount rate and the perpetual growth rate:

Discount rates and perpetual growth rates used to determine terminal values, reflect the country or geographical area of the cash-generating unit, in accordance with the criteria set out in Notes 1.11 and 2.

The assumptions underlying the impairment tests on Group cash-generating units with material goodwill balances are as follows:

	Geographic area	Recoverable amount determination method	Discount rate	Perpetual growth rate
Water – Distribution France	France	Value in use	6.50%	1.90%
Environmental Services - United Kingdom	UK	Value in use	6.40%	1.90%
Environmental Services – Germany	Germany	Value in use	6.50%	2.10%
Water – Czech Republic	Czech Republic	Value in use	7.40%	2.00%

As at the prior year end, impairment tests were performed based on the 2014 budget for all Group cash-generating units: a reduction in cash flows in the 2014 budget prepared at the end of 2013 of over 10% compared with 2014 figures in the long-term plan, led the Group to review its business plans for the following cash-generating units: Environmental Services – Germany and Environmental Services - Poland.

Impairment tests and the fair value remeasurement of assets and liabilities held for sale, led to the recognition of impairment of €168.6 million in 2013 (in operating income and net income (loss) from discontinued operations), primarily in the Environmental Services Division in Germany and Poland (€167.9 million).

A breakdown of the main impairment losses is presented in Note 20.

4.2.1 Sensitivity of recoverable amounts

Recoverable amounts determined for impairment testing purposes were tested for their sensitivity to a 1% increase in discount rates, a 1% decrease in perpetual growth rates and a 5% decrease in operating cash flows.

The changes in operating cash flows taken into account for the purpose of these sensitivity tests include operating cash flow before changes in working capital as defined in Note 39, less investments net of divestitures as defined in Note 1.11, plus changes in working capital. They also include the impact of Efficiency and Convergence plans launched by each cash-generating unit at the date of preparation of the long-term plan.

These assumptions are considered reasonable given the Group's activities and the geographic areas of its operations.

For a certain number of cash-generating units, these tests led to the identification of recoverable amounts lower than the net carrying amount of the cash-generating unit, adjusted where appropriate for impairments recognized during the period:

(€ million)			Difference between the recoverable amount and the net carrying amount			
Cash-generating unit	Net carrying amount	*o/w goodwill*	Difference between the recoverable amount and the net carrying amount	Difference between the recoverable amount and the net carrying amount, with an increase in the discount rate (1%)	Difference between the recoverable amount and the net carrying amount, with a decrease in the perpetual growth rate (1%)	Difference between the recoverable amount and the net carrying amount, with a decrease in operating cash flows (5%)
Environmental Services – Germany	513.5	247.7	-	(90.7)	(88.6)	(29.9)
Environmental Services - Poland	37.4	-	-	(5.0)	(2.5)	(2.3)
Total	**550.9**	**247.7**	**-**	**(95.7)**	**(91.1)**	**(32.2)**

Actions launched by new management of the France – Water cash-generating unit and, in particular, the expected effects of the restructuring plan, result in a recoverable amount in excess of the net carrying amount, including with a 1% increase in the discount rate, a 1% decrease in the perpetual growth rate, or a 5% drop in operating cash flows. However, the value of the cash-generating unit remains sensitive to the realization of forecast savings and contract renewal terms and conditions.

Note 5 Concession intangible assets

Movements in the net carrying amount of concession intangible assets during 2013 are as follows:

(€ million)	As of December 31, 2012, re-presented	Additions	Disposals	Impairment losses	Amortization / reversals	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Concession intangible assets, gross	4,226.8	428.6	(29.9)	-	-	78.8	(23.0)	(876.6)	(43.2)	3,761.5
Amortization and impairment losses	(1,853.7)	-	24.7	(48.1)	(254.1)	19.1	7.3	404.3	38.3	(1,662.2)
CONCESSION INTANGIBLE ASSETS, NET	**2,373.1**	**428.6**	**(5.2)**	**(48.1)**	**(254.1)**	**97.9**	**(15.7)**	**(472.3)**	**(4.9)**	**2,099.3**

Additions primarily concern the Water Division in the amount of €196.3 million, the Energy Services Division in the amount of €115.8 million and the Environmental Services Division in the amount of €113.5 million.

Impairment losses recognized in 2013 are broken down in Note 20 and mainly concern the Water Division (-€50.0 million). They primarily result from the fair value remeasurement of the assets of Water activities in Morocco, transferred to discontinued operations as of December 31, 2013, in the amount of -€48.4 million.

Changes in consolidation scope primarily concern the divestiture of activities in Portugal in the Water Division (-€71.1 million) and the acquisition of Formento de Construcciones y Contratas' (FCC) stake in Proactiva Medio Ambiente (€169.2 million).

Foreign exchange translation gains and losses are primarily due to movements in the pound sterling (-€6.6 million), the Moroccan dirham (-€3.1 million) and the Chinese renminbi yuan (-€1.1 million).

Other movements primarily concern the Energy Services Division (-€8.8 million) and Proactiva Medio Ambiente (€2.3 million).

Transfers to Assets classified as held for sale mainly concern the reclassification in "Assets classified as held for sale" of the activities of Dalkia France (-€497.5 million).

Concession intangible assets break down by Division as follows:

(€ million)	As of December 31, 2013 Gross carrying amount	As of December 31, 2013 Amortization and impairment losses	As of December 31, 2013 Net carrying amount	Net carrying amount as of December 31, 2012, re-presented	Net carrying amount as of December 31, 2011, re-presented
Water	2,646.6	(1,254.7)	1,391.9	1,478.8	1,415.4
Environmental Services	873.6	(337.0)	536.6	460.5	358.9
Energy Services	-	-	-	433.8	445.0
Other	241.3	(70.5)	170.8	-	-
CONCESSION INTANGIBLE ASSETS	**3,761.5**	**(1,662.2)**	**2,099.3**	**2,373.1**	**2,219.3**

Recap: Movements in the net carrying amount of concession intangible assets during 2012 are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Additions**	**Disposals**	**Impairment losses**	**Amortization/ reversals**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Concession intangible assets, gross	3,910.8	447.9	(101.9)	-	-	547.9	(8.2)	(592.1)	22.4	4,226.8
Amortization and impairment losses	(1,691.5)	-	98.6	(58.1)	(250.5)	(123.7)	3.8	167.6	0.1	(1,853.7)
CONCESSION INTANGIBLE ASSETS, NET	**2,219.3**	**447.9**	**(3.3)**	**(58.1)**	**(250.5)**	**424.2**	**(4.4)**	**(424.5)**	**22.5**	**2,373.1**

Additions concern the Water division in the amount of €243.4 million, the Energy Services division in the amount of €106.5 million and the Environmental Services Division in the amount of €98.0 million.

Impairment losses recognized in 2012 mainly concern:

• The Water Division in Morocco (-€23.4 million), before reclassification to discontinued operations and in France (-€4.4 million);

• The Environmental Services Division in Italy (-€17.7 million);

• The Energy Services Division (-€10.6 million);

Changes in consolidation scope primarily concern the acquisition of control of Azaliya (+€457.0 million).

Foreign exchange translation gains and losses are primarily due to movements in the Moroccan dirham (-€7.0 million), the pound sterling (+€7.0 million) and the Romanian leu (-€3.3 million) against the euro.

Transfers to Assets classified as held for sale mainly concern the reclassification to “Assets classified as held for sale” of Water activities in Morocco (-€432.0 million) in the course of divestiture.

Note 6 Other intangible assets

Other intangible assets break down as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**14.4**	**14.9**	**14.7**
Intangible assets with an definite useful life, gross	2,772.1	2,914.3	2,946.5
Amortization and impairment losses	(2,067.2)	(2,002.9)	(1,946.3)
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**704.9**	**911.4**	**1,000.2**
OTHER INTANGIBLE ASSETS, NET	**719.3**	**926.3**	**1,014.9**

Movements in the net carrying amount of other intangible assets during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Additions	Disposals	Impairment losses	Amortization	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**14.9**	**-**	**0.1**	**(0.8)**	**-**	**-**	**(0.6)**	**-**	**0.8**	**14.4**
Entry fees paid to local authorities	252.8	2.8	(0.3)	-	(67.5)	7.1	(0.9)	-	(0.2)	**193.8**
Purchased contractual rights	217.5	-	(1.5)	-	(40.1)	0.1	(8.0)	0.1	-	**168.1**
Purchased software	141.7	64.7	(1.0)	0.2	(68.6)	(0.4)	(5.1)	(48.1)	8.2	**91.6**
Purchased customer portfolios	49.1	-	-	-	(7.4)	0.8	(5.8)	-	(0.2)	**36.5**
Other purchased intangible assets	100.5	10.7	(3.8)	(7.6)	(10.6)	(3.7)	(2.3)	(0.1)	(1.1)	**82.0**
Other internally-developed intangible assets	149.8	15.8	(0.8)	-	(39.8)	-	(0.6)	(0.9)	9.4	**132.9**
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**911.4**	**94.0**	**(7.4)**	**(7.4)**	**(234.0)**	**3.9**	**(22.7)**	**(49.0)**	**16.1**	**704.9**
OTHER INTANGIBLE ASSETS	**926.3**	**94.0**	**(7.3)**	**(8.2)**	**(234.0)**	**3.9**	**(23.3)**	**(49.0)**	**16.9**	**719.3**

Intangible assets with an indefinite useful life are primarily trademarks.

Entry fees paid to local authorities in respect of public service contracts total €193.8 million as of December 31, 2013, including €186.6 million for the Water Division. Amortization of entry fees paid at the beginning of concession arrangements, calculated over the contract term, totaled -€67.5 million in 2013, including -€67.4 million for the Water Division.

Additions mainly concern customer IT projects in the Water Division (€30.5 million), investment in operating and decision-making software in the Energy Services Division (€15.9 million) and ERP roll-out projects in VE SA and VE Tech (€14.5 million).

Impairment losses recognized in 2013 are broken down in Note 20 and mainly concern the Environmental Services Division (-€8.5 million).

Other movements primarily concern the Environment Services Division (€13.2 million) and the transfer of intangible assets in progress and prepaid expenses to intangible assets.

Transfers to Assets classified as held for sale mainly concern the reclassification in "Assets classified as held for sale" of the activities of Dalkia France (-€49.1 million).

Recap: Movements in the net carrying amount of other intangible assets during 2012 are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Additions**	**Disposals**	**Impairment losses**	**Amortization**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**14.7**	**0.6**	-	**(0.8)**	-	-	**(0.1)**	-	**0.5**	**14.9**
Entry fees paid to local authorities	297.0	11.9	(0.4)	(0.2)	(56.3)	6.5	(0.1)	(6.6)	1.0	252.8
Purchased contractual rights	219.2	0.1	-	(11.4)	(36.0)	52.3	(0.1)	(7.7)	1.1	217.5
Purchased software	130.4	61.1	(0.3)	(1.7)	(46.3)	1.3	(1.1)	0.8	(2.5)	141.7
Purchased customer portfolios	65.6	-	-	-	(7.3)	(7.3)	(1.7)	-	(0.2)	49.1
Other purchased intangible assets	114.0	3.4	(0.3)	(5.8)	(13.6)	(2.1)	0.1	2.9	1.9	100.5
Other internally-developed intangible assets	174.0	19.0	(0.3)	(8.0)	(39.7)	4.8	(0.2)	1.7	(1.5)	149.8
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**1,000.2**	**95.5**	**(1.3)**	**(27.1)**	**(199.2)**	**55.5**	**(3.1)**	**(8.9)**	**(0.2)**	**911.4**
OTHER INTANGIBLE ASSETS	**1,014.9**	**96.1**	**(1.3)**	**(27.9)**	**(199.2)**	**55.5**	**(3.2)**	**(8.9)**	**0.3**	**926.3**

Intangible assets with an indefinite useful life are primarily trademarks.

Entry fees paid to local authorities in respect of public service contracts total €252.8 million as of December 31, 2012, including €252.5 million for the Water Division. The amortization of entry fees paid at the beginning of concession arrangements, calculated over the contract term, totaled -€56.3 million, primarily in the Water Division.

The main **impairment losses** recognized in 2012 primarily concern the Energy Services Division (-€11.5 million) and the Environmental Services Division (-€9.1 million).

Additions mainly concern customer IT projects in the Water Division (€20.4 million) and investment in operating and decision-making software in the Energy Services Division (€14.8 million).

Changes in consolidation scope primarily concern the acquisition of control of Azaliya (€65.8 million) and the divestiture of solid waste activities in the United States (-€13.6 million).

Transfers to Assets classified as held for sale mainly concern the reclassification to “Assets classified as held for sale” of Water activities in Morocco (-€19.7 million).

Note 7 Property, plant and equipment

Movements in the net carrying amount of property, plant and equipment during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Additions	Disposals	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Property, plant and equipment, gross	11,608.9	727.8	(442.9)	-	-	136.4	(294.6)	(593.8)	109.7	**11,251.5**
Depreciation and impairment losses	(6,902.6)	-	393.1	(23.4)	(741.1)	(180.0)	168.4	225.2	(30.6)	**(7,091.0)**
PROPERTY, PLANT AND EQUIPMENT, NET	**4,706.3**	**727.8**	**(49.8)**	**(23.4)**	**(741.1)**	**(43.6)**	**(126.2)**	**(368.6)**	**79.1**	**4,160.5**

Additions mainly concern the Water Division in the amount of €175.5 million, the Environmental Services Division in the amount of €425.0 million, the Energy Services Division in the amount of €107.1 million and the "Other Segments" Division in the amount of €20.2 million.

Disposals, net of impairment losses and depreciation, of -€49.8 million, mainly concern the Water Division in the amount of -€11.8 million, the Environmental Services Division in the amount of -€34.5 million, the Energy Services Division in the amount of -€1.7 million and the "Other Segments" Division in the amount of -€1.8 million.

Impairment losses recognized in 2013 are broken down in Note 20 and mainly concern the Environmental Services Division in the United States (-€21.4 million).

Depreciation of -€741.1 mainly concerns the Water Division (-€159.9 million) and the Environmental Services Division (-€506.2 million).

Foreign exchange translation gains and losses are primarily due to the appreciation of the Australian dollar, U.S. dollar, Canadian dollar and pound sterling against the euro in the amount of -€47.9 million, -€31.9 million, -€11.9 million and -€9.7 million, respectively.

Other movements primarily concern the Environmental Services Division (€67.1 million) and mainly the remeasurement of environmental assets and the unwinding of the discount.

Changes in consolidation scope mainly concern the full consolidation of Proactiva (€63.9 million) and the divestiture of ERC projects to third parties (-€119.5 million).

Transfers to Assets classified as held for sale mainly concern Dalkia France assets (-€357.6 million).

Property, plant and equipment break down by Division as follows:

(€ million)	As of December 31, 2013 Gross carrying amount	Depreciation and impairment losses	Net carrying amount	Net carrying amount as of December 31, 2012, re-presented	Net carrying amount as of December 31, 2011, re-presented
Water	2,669.8	(1,686.3)	**983.5**	1,005.8	2,209.1
Environmental Services	7,424.7	(4,957.2)	**2,467.5**	2,609.9	3,320.9
Energy Services	637.8	(119.5)	**518.3**	951.2	820.0
Other	519.2	(328.0)	**191.2**	139.4	147.4
PROPERTY, PLANT AND EQUIPMENT	**11,251.5**	**(7,091.0)**	**4,160.5**	**4,706.3**	**6,497.4**

The breakdown of property, plant and equipment by class of assets is as follows:

(€ million)	As of December 31, 2013 Gross carrying amount	Depreciation and impairment losses	Net carrying amount	Net carrying amount as of December 31, 2012, re-presented	Net carrying amount as of December 31, 2011, re-presented
Land	876.5	(480.1)	396.4	424.8	772.3
Buildings	2,038.5	(1,104.3)	934.2	974.0	1,157.2
Technical installations, plant and equipment	4,844.1	(2,984.1)	1,860.0	2,162.6	3,107.1
Travelling systems and other vehicles	1,694.0	(1,291.5)	402.5	425.9	566.5
Other property, plant and equipment	1,476.2	(1,229.0)	247.2	274.2	419.3
Property, plant and equipment in progress	322.2	(2.0)	320.2	444.8	475.0
PROPERTY, PLANT AND EQUIPMENT	**11,251.5**	**(7,091.0)**	**4,160.5**	**4,706.3**	**6,497.4**

The decrease in "Technical installations, plant and equipment" between December 31, 2012 and 2013 is due to the transfer of Dalkia France assets to "Assets classified as held for sale".

The decrease in "Land" between December 31, 2011 and 2012 is due to the divestiture of solid waste activities in the United States in the Environmental Services Division in the amount of €357.2 million.

The decrease in "Technical installations, plant and equipment" between December 31, 2011 and 2012 is due to the divestiture of regulated Water activities in the United Kingdom in the amount of €911.3 million, the divestiture of Eolfi American activities in the amount of €181.8 million and the divestiture of solid waste activities in the United States in the amount of €110.8 million.

Recap: Movements in the net carrying amount of property, plant and equipment during 2012 are as follows:

(€ million)	As of December 31, 2011, re-presented	Additions	Disposals	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other	As of December 31, 2012, re-presented
Property, plant and equipment, gross	14,468.0	1,198.4	(486.3)	-	-	(3,749.5)	102.5	(74.7)	150.5	11,608.9
Depreciation and impairment losses	(7,970.6)	-	395.5	(88.1)	(779.6)	1,583.2	(46.7)	100.8	(97.1)	(6,902.6)
PROPERTY, PLANT AND EQUIPMENT, NET	**6,497.4**	**1,198.4**	**(90.8)**	**(88.1)**	**(779.6)**	**(2,166.3)**	**55.8**	**26.1**	**53.4**	**4,706.3**

Additions mainly concern the Water Division in the amount of €220.6 million, the Environmental Services Division in the amount of €579.5 million, the Energy Services Division in the amount of €184.1 million and the "Other Segments" Division in the amount of €214.2 million.

Disposals, net of impairment losses and depreciation of -€90.8 million, mainly concern the Water Division in the amount of -€33.3 million, the Environmental Services Division in the amount of -€51.6 million, the Energy Services Division in the amount of -€2.7 million and the “Other Segments” Division in the amount of -€3.2 million.

The main **impairment losses** recognized in 2012 mainly concern the Environmental Services Division in the United Kingdom (-€17.7 million) and the United States (-€36.7 million).

Changes in consolidation scope mainly concern the divestiture of regulated Water activities in the United Kingdom (-€1,250.9 million), solid waste activities in the United States (-€673.8 million) and American wind energy activities (-€181.8 million).

Other movements mainly concern the Environmental Services Division for €34.1 million, in respect of the discounting of provisions for site rehabilitation.

Note 8 Investments in joint ventures

(€ million)	Share of equity			Share of net income (loss)		
	As of Dec. 31, 2013	As of Dec. 31, 2012, re-presented	As of Dec. 31, 2011, re-presented	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012, re-presented	Year ended Dec. 31, 2011, re-presented
Dalkia International	791.2	787.4	933.4	25.0	(119.8)	(198.5)
Chinese Water concessions	1,354.1	1,377.9	1,368.7	9.0	20.1	19.5
Other	759.8	749.5	865.0(*)	75.2 (**)	39.6	(393.1)
o/w Transdev Group	*380.6*	*168.1*	*227.6*	*(51.5)*	*(45.3)*	*(470.9)*
TOTAL	**2,905.1**	**2,914.8**	**3,167.1**	**109.2**	**(60.1)**	**(572.1)**
o/w share of net income (loss) of equity-accounted entities in continuing operations				108.8 (**)	(81.6)	(581.5)
o/w share of net income (loss) of equity-accounted entities in discontinued operations				0.4	21.5	9.4

(*) o/w Berlin Water activities: €45.9 million as of December 31, 2011

(**) Including the fair value remeasurement of the investment previously held in Proactiva Medio Ambiente of €82.0 million

The decrease in investments in joint ventures in 2013 is mainly due to:

- Dividend payments during the period (-€91.2 million);
- The €560 million share capital increased performed by Transdev Group and subscribed equally by VE SA and Caisse des dépôts et consignations in the amount of €280.0 million;
- The full consolidation of the Proactiva Medio Ambiente sub-group from November 28, 2013 (-€49.1 million);
- The transfer to assets held for sale of Dalkia Investissement and the joint ventures held by Dalkia France (-€154.4 million).

8.1 Material joint ventures

The Group's material joint ventures as of December 31, 2013 are as follows:

- Dalkia International in the Energy Services Division, operating primarily in Italy, Poland, the Czech Republic and the Baltic countries;
- the Chinese concessions in the Water Division, comprising a combination of approximately twenty separate legal entities in which the Group holds interests of between 21% and 50% as of December 31, 2013; the most significant concessions, in terms of revenues, are Shenzhen (25% interest) and Shanghai (50% interest).

Summarized financial information (at 100%) in respect of the Group's material joint ventures is set out below. The summarized financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs, adjusted to reflect fair value adjustments performed on acquisition and adjustments recorded to comply with Group accounting principles, when applying the equity method.

Summarized financial information at 100% - Dalkia International joint venture	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Current assets	2,642.0	2,990.0	3,016.4
Non-current assets	4,189.3	4,268.8	4,091.7
TOTAL ASSETS	**6,831.3**	**7,258.8**	**7,108.1**
Equity attributable to the Company	2,025.6	1,989.4	2,182.8
Equity attributable to non-controlling interests	351.4	376.1	387.7
Current liabilities	2,081.7	2,744.7	2,214.0
Non-current liabilities	2,372.6	2,148.6	2,323.6
TOTAL EQUITY AND LIABILITIES	**6,831.3**	**7,258.8**	**7,108.1**
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	691.8	792.9	649.9
Current financial liabilities (excluding trade and other payables and provisions)	507.0	959.7	434.4
Non-current financial liabilities (excluding trade and other payables and provisions)	1,982.0	1,733.3	1,927.3
INCOME STATEMENT			
Revenue	4,551.1	4,831.1	4,506.0
Operating income	244.4	94.4	(94.1)
Net income (loss) from continuing operations	70.4	(116.0)	(218.6)
Post-tax net income (loss) from discontinued operations	0.0	0.0	(10.0)
Net income (loss) attributable to non-controlling interests	(37.5)	(41.9)	(33.3)
Net income (loss) attributable to owners of the Company at Dalkia International level	32.9	(157.9)	(261.9)
Net income (loss) for the year	70.4	(116.0)	(228.6)
Other comprehensive income for the year	(32.6)	16.8	(55.1)
Total comprehensive income for the year	37.7	(99.2)	(283.7)
The above net income (loss) for the year includes the following:			
Depreciation and amortization	(207.8)	(208.9)	(178.6)
Interest income	12.1	9.6	11.1
Interest expense	(140.7)	(128.3)	(90.3)
Income tax (expense) income	(54.6)	(67.3)	(21.6)
DIVIDENDS			
Dividends received from the joint venture	0.0	0.0	0.0

Reconciliation of the above summarized financial information on the Dalkia International joint venture to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements:

€ million	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Net assets of the Dalkia International joint venture	2,025.6	1,989.4	2,182.8
Proportion of the Group's ownership interest in the Dalkia International joint venture	75.81%	75.80%	75.81%
Goodwill	320.8	348.6	348.8
Other adjustments (*)	(1,065.2)	(1,069.2)	(1,070.2)
Carrying amount of the Group's interest in the Dalkia International joint venture	**791.2**	**787.4**	**933.4**

(*) Other adjustments presented in the reconciliation between the summarized financial information of Dalkia International Group and the carrying amount of the interest in the joint venture are primarily attributable to capital gains recorded historically by Dalkia France when transferring foreign subsidiaries to Dalkia International on its creation and eliminated at Group level.

(€ million)	Year-ended December 31, 2013	Year-ended December 31, 2012	Year-ended December 31, 2011
Net income (loss) for the year of the Dalkia International joint venture	32.9	(157.9)	(261.9)
Proportion of the Group's ownership interest in the Dalkia International joint venture	75.81%	75.80%	75.81%
Group share of net income (loss) of the Dalkia International joint venture	**25.0**	**(119.8)**	**(198.5)**

Summarized financial information at 100% – Chinese Water concessions joint venture	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Current assets	992.5	886.1	888.3
Non-current assets	4,691.4	4,782.7	4,814.5
TOTAL ASSETS	**5,683.9**	**5,668.8**	**5,702.8**
Equity attributable to the Company	2,890.2	2,900.7	2,871.8
Equity attributable to non-controlling interests	233.6	231.7	232.5
Current liabilities	1,502.9	1,358.7	1,381.4
Non-current liabilities	1,057.2	1,177.7	1,217.1
TOTAL EQUITY AND LIABILITIES	**5,683.9**	**5,668.8**	**5,702.8**
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	413.9	378.6	412.8
Current financial liabilities (excluding trade and other payables and provisions)	556.5	509.4	541.1
Non-current financial liabilities (excluding trade and other payables and provisions)	572.2	698.2	746.5
INCOME STATEMENT			
Revenue	1,493.2	1,481.3	1,341.1
Operating income	170.3	160.4	136.5
Net income (loss) from continuing operations	37.7	73.6	64.8
Post-tax net income (loss) from discontinued operations	0.0	0.0	0.0
Net income (loss) attributable to non-controlling interests	(7.9)	(7.2)	(0.4)
Net income (loss) attributable to owners of the Company at the Chinese Water concessions level	29.8	66.4	64.4
Net income for the year	37.7	73.6	64.8
Other comprehensive income for the year	(56.2)	(25.0)	257.6
Total comprehensive income for the year	(18.5)	48.6	322.4
The above net income (loss) for the year includes the following:			
Depreciation and amortization	(137.2)	(135.4)	(118.3)
Interest income	5.4	5.3	3.9
Interest expense	(68.3)	(71.3)	(59.8)
Income tax (expense) income	(37.7)	(28.7)	(23.1)
DIVIDENDS			
Dividends received from the joint venture	8.2	8.9	10.4

Reconciliation of the above summarized financial information on the Chinese Water concessions to the carrying amount of the interest in these joint ventures recognized in the consolidated financial statements:

€ million	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Net assets of the Chinese Water concessions joint venture	2,890.2	2,900.7	2,871.8
Proportion of the Group's ownership interest in the Chinese Water concessions joint venture	30.24%	30.24%	30.24%
Goodwill	245.9	261.9	263.9
Other adjustments	234.2	238.8	236.4
Carrying amount of the Group's interest in the Chinese Water concessions joint venture	**1,354.1**	**1,377.9**	**1,368.7**

As the Chinese Water concessions represent approximately twenty individual concessions, in which the Group holds percentage interests varying from 21% to 50%, the percentage interest indicated in the above reconciliation is a weighted-average rate of the contribution of each concession within the combination.

Accordingly, the “Other adjustments” line in the reconciliation of the summarized financial information on the Chinese Water concessions as a whole, to their carrying amount in the Consolidated Statement of Financial Position, represents the adjustment between the share in net assets obtained by applying the weighted average percentage interest for all Chinese Water concessions and the share in net assets recognized in the financial statements, calculated using the effective interest held in each of the Chinese Water concessions individually.

(€ million)	Year-ended December 31, 2013	Year-ended December 31, 2012	Year-ended December 31, 2011
Net income (loss) for the year of the Chinese Water concessions joint venture	29.8	66.4	64.4
Proportion of the Group’s ownership interest in the Chinese Water concessions joint venture	30.24%	30.24%	30.24%
Group share of net income (loss) of the Chinese Water concessions joint venture	**9.0**	**20.1**	**19.5**

8.2 Other joint ventures

As described in Note 3.3.4, the Group modified the accounting presentation of its investment in Transdev Group, transferring it from “Assets classified as held for sale” (discontinued operations) to “Investments in joint ventures” (continuing operations), accounted for using the equity method. Pursuant to IFRS 5.28 and IAS 28.21, this reclassification was performed retrospectively across all accounting periods presented.

This investment totals €380.6 million as of December 31, 2013, €168.1 million as of December 31, 2012 and €227.6 million as of December 31, 2011.

The following table presents summarized financial information for Transdev (at 100%) in respect of 2013. This information reflects amounts presented in the joint venture’s financial statements prepared in accordance with IFRSs, adjusted to reflect fair value adjustments performed on acquisition and adjustments recorded to comply with Group accounting principles, when applying the equity method.

Summarized financial information - Transdev	As of December 31, 2013
Current assets	2,345.1
Non-current assets	2,778.2
TOTAL ASSETS	**5,123.3**
Equity attributable to the Company	747.4
Equity attributable to non-controlling interests	84.8
Current liabilities	2,248.1
Non-current liabilities	2,043.0
TOTAL EQUITY AND LIABILITIES	**5,123.3**
INCOME STATEMENT	
Revenue	6,606.1
Operating income	38.5
Net income (loss) from continuing operations	(26.1)
Post-tax net income (loss) from discontinued operations	(114.2)
Net income (loss) for the year	(140.3)

The Group also holds interests in joint ventures that are not individually material, with a total net carrying amount of €379.2 million as of December 31, 2013.

8.3 Unrecognized share of losses of joint ventures

As all joint ventures are partnerships in which the Group exercises joint control, the share of any losses is recognized in full at the year-end.

Note 9 Investments in associates

9.1 Material associates

(€ million)	Share of equity			Share of net income (loss)		
	As of Dec. 31, 2013	As of Dec. 31, 2012, re-presented	As of Dec. 31, 2011, re-presented	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012, re-presented	Year ended Dec. 31, 2011, re-presented
Berlin Water	-	44.3	-	9.6	4.2	-
Other	385.0	433.4	360.8	18.4	24.8	(24.7)
o/w AFF W A Ltd (*)	*41.5*	*45.3*	-	*3.8*	*2.2*	-
Total	**385.0**	**477.7**	**360.8**	**28.0**	**29.0**	**(24.7)**
o/w share of net income (loss) of equity-accounted entities in continuing operations				18.4	24.4	(25.9)
o/w share of net income (loss) of equity-accounted entities in discontinued operations				9.6	4.6	1.2

(*) Formerly Rift Acquisition Holding Co, recognized as an associate in 2012 in the context of the divestiture of the regulated Water activities.

The Group exercised joint control over the entity RVB/BwB (Berlin Water) until the end of October 2012. This entity is now accounted for as a joint venture. At the end of October 2012, the Berlin parliament adopted a resolution concerning the purchase of RVB shares by the Land of Berlin from RWE. The transfer of shares between RWE and the Land of Berlin was completed on October 30, 2012, leading to:

- The loss of joint control exercised by the group over the RVB/BWB entity: the Land of Berlin now owns 75.05% of BWB (the Berlin water management company) and obtained new appointment rights within the governance bodies, conferring on it financial and operating control of these entities. Veolia Environnement nonetheless retains significant influence through its presence in these same governance bodies;
- The equity accounting of the Group's shareholding with effect from October 31, 2012.

As of December 31, 2012, the total value of the investment in Berlin Water was €619.9 million, including €44.3 million recognized in "Investments in associates" and €575.6 million recognized in financial receivables.

As described in Note 3, on September 10, 2013 the Group announced the signature of an agreement with the Berlin Federal State authorities for the sale of its 24.95% investment in Berlin Water. This transaction, which required the approval of the Berlin Senate and Parliament, as well as European anti-trust authorities, was completed on December 2, 2013.

The decrease in investments in associates in 2013 breaks down as follows:

(€ million)	As of December 31, 2012, re-presented	Net income	Dividend distribution	Changes in consolidation scope	Foreign exchange translation	Other	As of December 31, 2013
Investments in associates	**477.7**	28.0	(20.9)	(79.8)	(8.3)	(11.7)	**385.0**

Changes in consolidation scope mainly comprise the divestiture of Berlin Water (-€53.9 million) and the divestiture of Regaz (-€26.7 million) in the Energy Services Division.

Other movements mainly comprise the transfer of the associate Dalkia France to assets held for sale (-€14.3 million).

9.2 Other associates

The Group also holds interests in associates (that are not individually material) with a total net carrying amount of €385.0 million as of December 31, 2013.

9.3 Unrecognized share of losses of associates

As all associates are companies in which the Group exercises significant influence, the share of any losses is recognized in full.

Note 10 Non-consolidated investments

In accordance with IAS 39, non-consolidated investments are recognized at fair value. Unrealized gains and losses are recognized directly through other comprehensive income, except for unrealized losses considered long-term or material which are expensed in the Consolidated Income Statement in "Other financial income and expenses" (see Note 22).

Movements in non-consolidated investments during **2013** are as follows:

(€ million)	**As of December 31, 2012 re-presented**	**Additions**	**Disposals**	**Changes in consolidation scope**	**Fair value adjustments**	**Impairment losses**	**Foreign exchange translation**	**Transfers to Assets Held for sale**	**Other**	**As of December 31, 2013**
Non-consolidated investments	47.0	7.1	(9.3)	3.7	-	(2.2)	(0.3)	(2.7)	(2.8)	**40.5**

Disposals mainly concern the divestiture of Jacobi securities in the Water Division in the amount of €7.0 million.

Transfers to assets held for sale mainly concern the non-consolidated securities held by Dalkia France in the amount of -€2.7 million.

The Group did not hold any non-consolidated investment lines in excess of €10 million as of December 31, 2013.

Recap: Movements in non-consolidated investments during **2012** are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Additions**	**Disposals**	**Changes in consolidation scope**	**Fair value adjustments**	**Impairment losses**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Non-consolidated investments	65.4	(0.8)	(4.4)	(14.1)	-	0.9	(0.1)	(0.9)	1.0	47.0

Transfers to Assets classified as held for sale mainly concern Eolfi investments in line with the reclassification to discontinued operations of this sub-group (-€1.0 million).

The Group did not hold any non-consolidated investment lines in excess of €10 million as of December 31, 2012.

Note 11 Non-current and current operating financial assets

Operating financial assets comprise financial assets resulting from the application of IFRIC 12 on accounting for concession arrangements and from the application of IFRIC 4 (see Notes 1.20 and 1.21).

Movements in the net carrying amount of non-current and current operating financial assets during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	New operating financial assets	Repayments / disposals	Impairment losses (1)	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Gross	2,263.7	213.8	(36.7)	-	(179.4)	(36.1)	(168.5)	(304.6)	(24.6)	1,727.6
Impairment losses	(47.8)	-	-	(16.9)	35.2	0.1	-	-	(0.1)	(29.5)
NON-CURRENT OPERATING FINANCIAL ASSETS	**2,215.9**	**213.8**	**(36.7)**	**(16.9)**	**(144.2)**	**(36.0)**	**(168.5)**	**(304.6)**	**(24.7)**	**1,698.1**
Gross	167.0	0.8	(165.3)	-	(26.8)	(2.4)	168.5	(42.3)	(1.6)	97.9
Impairment losses	-	-	-	-	-	-	-	-	-	-
CURRENT OPERATING FINANCIAL ASSETS	**167.0**	**0.8**	**(165.3)**	**-**	**(26.8)**	**(2.4)**	**168.5**	**(42.3)**	**(1.6)**	**97.9**
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**2,382.9**	**214.6 (2)**	**(202.0)**	**(16.9)**	**(171.0)**	**(38.4)**	**-**	**(346.9)**	**(26.3)**	**1 ,796.0**

(1) Impairment losses are recorded in operating income.

(2) New operating financial assets presented in the Consolidated Cash Flow Statement equal new operating financial assets presented above (€224.2 million), net of the related acquisition debt (€9.6 million as of December 31, 2013).

The principal **new operating financial assets** in **2013** mainly concern:

- The Water Division in the amount of €54.7 million and in particular investments in Germany under the Braunschweig contract of €15.0 million;
- The Energy Services Division in the amount of €99.9 million and in particular cogeneration plants in France (€69.1 million);
- The Environmental Services Division in the amount of €54.7 million, in particular in the United Kingdom for €44.3 million.

The principal **repayments and disposals of operating financial assets** in 2013 concern:

- The Water Division in the amount of €61.5 million;
- The Energy Services Division in the amount of €102.4 million and in particular cogeneration plants (€61.8 million);
- The Environmental Services Division in the amount of €29.4 million, in particular in the United Kingdom.

Foreign exchange translation gains and losses on current and non-current operating financial assets mainly concern the Water Division (-€26.5 million) and the Environmental Services Division (-€10.1 million), primarily due to movements in the Korean won (-€9.7 million), the pound sterling (-€9.3 million) and the Australian dollar (-€7.0 million) against the euro.

Non-current / current reclassifications mainly concern:

- The Water Division in the amount of €67.2 million and in particular industrial contracts in Korea (€28.0 million);
- The Energy Services Division in the amount of €69.2 million and in particular cogeneration plants in France.

Changes in consolidation scope mainly concern the Water Division, following the Sharqiyah (Oman) IPO in the amount of -€113.6 million (see Note 3) and the Environmental Services Division in the amount of -€56.7 million, following the deconsolidation of Environmental Services activities in Italy.

Transfers to assets held for sale mainly concern the reclassification of Dalkia France assets (see Note 3) in the amount of -€358.7 million.

Operating financial assets held by the Group in countries considered high-risk by the International Monetary Fund are not material in amount.

The breakdown of operating financial assets by Division is as follows:

	As of December 31,								
	Non-current			Current			Total		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
Water	**1,006.6**	1,152.0	1,029.4	**61.3**	64.1	49.1	**1,067.9**	1,216.1	1,078.5
Environmental Services	**611.4**	635.6	667.4	**36.4**	52.3	48.3	**647.8**	687.9	715.7
Energy Services	**1.0**	332.7	298.5	**0.2**	47.6	64.8	**1.2**	380.3	363.3
Other	**79.1**	95.6	96.2	**-**	3.0	3.0	**79.1**	98.6	99.2
OPERATING FINANCIAL ASSETS	**1,698.1**	**2,215.9**	**2,091.5**	**97.9**	**167.0**	**165.2**	**1,796.0**	**2,382.9**	**2,256.7**

IFRIC 12 operating financial assets maturity schedule:

(€ million)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Water	23.2	107.9	70.9	499.5	701.5
Environmental Services	36.0	113.4	90.4	404.7	644.5
Energy Services	-	-	-	-	-
Other	-	-	-	-	-
TOTAL	**59.2**	**221.3**	**161.3**	**904.2**	**1,346.0**

IFRIC 4 operating financial assets maturity schedule:

(€ million)	1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Water	38.0	73.6	78.9	175.8	366.3
Environmental Services	0.5	2.1	0.8	-	3.4
Energy Services	0.2	0.7	0.2	0.1	1.2
Other	-	8.4	9.1	61.6	79.1
TOTAL	**38.7**	**84.8**	**89.0**	**237.5**	**450.0**

Recap: Movements in the net carrying amount of non-current and current operating financial assets during 2012 are as follows:

(€ million)	As of December 31, 2011, re-presented	New	Repayments / disposals	Impairment losses (1)	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2012, re-presented
Gross	2,139.2	249.9	(1.8)	-	122.4	13.8	(171.8)	(42.2)	(45.8)	2,263.7
Impairment losses	(47.7)	-	-	-	-	(0.1)	-	-	-	(47.8)
NON-CURRENT OPERATING FINANCIAL ASSETS	**2,091.5**	**249.9**	**(1.8)**	-	**122.4**	**13.7**	**(171.8)**	**(42.2)**	**(45.8)**	**2,215.9**
Gross	165.2	0.8	(179.2)	-	7.6	0.8	171.8	(0.2)	0.2	167.0
Impairment losses	-	-	-	-	-	-	-	-	-	-
CURRENT OPERATING FINANCIAL ASSETS	**165.2**	**0.8**	**(179.2)**	-	**7.6**	**0.8**	**171.8**	**(0.2)**	**0.2**	**167.0**
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**2,256.7**	**250.7 (2)**	**(181.0)**	-	**130.0**	**14.5**	-	**(42.4)**	**(45.6)**	**2,382.9**

(1) *Impairment losses are recorded in operating income.*

(2) *New operating financial assets presented in the Consolidated Cash Flow Statement equal new operating financial assets presented above (€249.5 million), net of the related acquisition debt (€1.2 million as of December 31, 2012).*

The principal **new operating financial assets** in 2012 mainly concern:

- The Water Division in the amount of €58.8 million, with investments in Germany (€19.7 million, including the Braunschweig contract) and Korea;
- The Energy Services Division in the amount of €147.9 million and in particular cogeneration plants in France;
- The Environmental Services Division in the amount of €41.2 million, in particular in the United Kingdom (€32.3 million) and France (€8.5 million).

The **principal repayments and disposals of operating financial assets** in 2012 concern:

- The Water Division in the amount of €60.2 million and in particular industrial contracts in Korea (€20.9 million);
- The Energy Services Division in the amount of €90.4 million and in particular cogeneration plants;
- The Environmental Services Division in the amount of €27.2 million.

Foreign exchange translation gains and losses on current and non-current operating financial assets mainly concern the Water Division (€4.9 million) and the Environmental Services Division (€9.6 million), primarily due to movements in the Korean won and the pound sterling against the euro.

Non-current / current reclassifications mainly concern:

- The Water Division in the amount of €61.7 million and in particular industrial contracts in Korea (€25.6 million);
- The Energy Services Division in the amount of €73.1 million and in particular cogeneration plants in France;

Changes in consolidation scope mainly concern the impact of the change in consolidation method of Azaliya and its subsidiaries now fully consolidated from August 2, 2012 (+€129.5 million).

Operating financial assets held by the Group in countries considered high-risk by the IMF are not material in amount.

Note 12 Other non-current and current financial assets

	As of December 31,								
	Non-current			Current			Total		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
Gross	2,533.4	2,477.3	2,896.6	633.3	1,511.7	1,006.9	3,166.7	3,989.0	3,903.5
Impairment losses	(66.0)	(69.3)	(69.8)	(10.2)	(25.5)	(31.5)	(76.2)	(94.8)	(101.3)
FINANCIAL ASSETS IN LOANS AND RECEIVABLES	**2,467.4**	**2,408.0**	**2,826.8**	**623.1**	**1,486.2**	**975.4**	**3,090.5**	**3,894.2**	**3,802.2**
OTHER FINANCIAL ASSETS	**24.6**	**33.3**	**37.8**	**4.9**	**2.4**	**3.5**	**29.5**	**35.7**	**41.3**
TOTAL OTHER FINANCIAL ASSETS	**2,492.0**	**2,441.3**	**2,864.6**	**628.0**	**1,488.6**	**978.9**	**3,120.0**	**3,929.9**	**3,843.5**

12.1 Movements in other non-current financial assets

Movements in the value of other non-current financial assets during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Additions	Repayments / disposals	Changes in consolidation scope	Impairment losses (1)	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Gross	2,477.3	723.8	(588.5)	7.7	-	(29.1)	(51.1)	(4.0)	(2.7)	2,533.4
Impairment losses	(69.3)	-	-	-	(1.0)	3.7	0.8	-	(0.2)	(66.0)
NON-CURRENT FINANCIAL ASSETS IN LOANS AND RECEIVABLES	**2,408.0**	**723.8**	**(588.5)**	**7.7**	**(1.0)**	**(25.4)**	**(50.3)**	**(4.0)**	**(2.9)**	**2,467.4**
OTHER NON-CURRENT FINANCIAL ASSETS	**33.3**	**3.7**	**(51.2)**	**44.2**	**(3.1)**	**(0.3)**	**-**	**(1.1)**	**(0.9)**	**24.6**
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**2,441.3**	**727.5 (2)**	**(639.7) (3)**	**51.9**	**(4.1)**	**(25.7)**	**(50.3)**	**(5.1)**	**(3.8)**	**2,492.0**

(1) Impairment losses are recorded in financial income and expenses.

(2) "New non-current loans granted" in the Consolidated Cash Flow Statement of -€698.3 million, include additions to other non-current financial assets of €727.5 million, excluding additions to receivables on financial asset disposals (€25.6 million), presented in "Proceeds on disposal of financial assets" and additions to other current financial assets available for sale (€3.6 million) presented in "Purchases of investments".

(3) "Principal payments on non-current loans" in the Consolidated Cash Flow Statement of €307.3 million, include repayments/disposals of other non-current financial assets (€639.7 million), excluding

- *repayments on disposals of financial assets of -€1.2 million;*
- *repayments on other financial assets available for sale (-€51.2 million) presented in "Proceeds on disposal of financial assets";*
- *and finally the subscription of the Transdev Group share capital increase (-€280.0 million) presented in the Consolidated Cash Flow Statement in "Purchases of investments".*

New loans mainly concern loans granted to Dalkia International maturing in 2017 (€102.7 million) and the subscription by Dalkia SAS of the deeply subordinated securities issue performed by Dalkia International (€461.6 million).

As described in Note 3.4.2, an agreement was finalized in February 2013 between Dalkia and EDF shareholders. This agreement led to the issuance of €600 million in deeply subordinated bonds convertible into shares, subscribed by each shareholder in proportion to its interest in the share capital. Dalkia's subscription was financed by Veolia Environnement in the amount of €456 million (excluding interest).

Repayments mainly concern the early repayment of the SPEC loan (-€281.6 million) and the impact of the subscription of the Transdev Group share capital increase by capitalization of the current account (-€280.0 million).

Changes in consolidation scope mainly concern the impact of the divestiture of Marine Services (€45.9 million), the full consolidation of Proactiva Medio Ambiente (€15.7 million) and the deconsolidation of Italian activities (-€8.1 million).

12.1.1 Non-current financial assets in loans and receivables

As of December 31, 2013, the principal non-current financial assets in loans and receivables primarily represented loans granted to equity-accounted joint ventures totaling €2,178.7 million, compared with €2,175.6 million as of December 31, 2012.

These loans mainly concerned:

- Dalkia International for €1,464.0 million;
- Transdev Group for €621.4 million;
- The Chinese Water Concessions for €69.9 million.

12.1.2 Other non-current financial assets

Other non-current financial assets are classified as “Available-for-sale assets” in accordance with the principles set out in Note 1.14.2.

Other financial assets held by the Group in countries considered high-risk by the IMF are not material in amount.

Recap: Movements in other non-current financial assets during **2012** are as follows:

(€ million)	As of December 31, 2011, re-presented	Additions	Repayments / disposals	Changes in consolidation scope	Impairment losses (1)	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2012, re-presented
Gross	2,896.6	146.6	(26.7)	(121.0)	-	33.1	(476.0)	(2.9)	27.6	2,477.3
Impairment losses	(69.8)	-	-	(0.2)	(1.3)	2.0	-	-	-	(69.3)
NON-CURRENT FINANCIAL ASSETS IN LOANS AND RECEIVABLES	**2,826.8**	**146.6**	**(26.7)**	**(121.2)**	**(1.3)**	**35.1**	**(476.0)**	**(2.9)**	**27.6**	**2,408.0**
OTHER NON-CURRENT FINANCIAL ASSETS	**37.8**	**11.7**	**(2.4)**	**(8.3)**	**(3.0)**	**(0.1)**	**(0.3)**	**(0.1)**	**(2.0)**	**33.3**
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**2,864.6**	**158.3**	**(29.1)**	**(129.5)**	**(4.3)**	**35.0**	**(476.3)**	**(3.0)**	**25.6**	**2,441.3**

(1) Impairment losses are recorded in financial income and expenses.

Changes in consolidation scope mainly concern the impact of full consolidation of Azaliya (-€106.2 million) and the divestiture of regulated Water activities in the United Kingdom (-€11.3 million).

Transfers to other current financial assets mainly comprise the transfer to current financial assets of the Berlin Water receivable (-€469.0 million), the portion of Dalkia International loans reaching maturity (-€285.4 million) and the new SPEC loan following the signature of the loan agreement (maturing in 2016) (+€281.6 million).

Other movements mainly concern the reclassification of the pension fund surplus in the United Kingdom (€20.0 million).

12.1.3 Non-current financial assets in loans and receivables

As of December 31, 2012, the principal non-current financial assets in loans and receivables were primarily loans granted to equity-accounted joint ventures of €2,175.6 million.

These loans mainly concerned:

- Dalkia International for €1,266.8 million;
- Transdev Group for €901.4 million.

12.1.4 Other non-current financial assets

Other non-current financial assets are classified as “Available-for-sale assets” in accordance with the principles set out in Note 1.14.2.

12.2 Movements in current financial assets

Movements in other current financial assets during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Repayments / disposals	Changes in consolidation scope	Fair value adjustments	Impairment losses (1)	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Gross	1,511.7	(893.3)	17.0	-	-	(8.5)	51.1	(39.2)	(5.5)	633.3
Impairment losses	(25.5)	-	(0.1)	-	2.6	0.3	(0.8)	13.3	-	(10.2)
CURRENT FINANCIAL ASSETS IN LOANS AND RECEIVABLES, NET	**1,486.2**	**(893.3)**	**16.9**	**-**	**2.6**	**(8.2)**	**50.3**	**(25.9)**	**(5.5)**	**623.1**
OTHER CURRENT FINANCIAL ASSETS	**2.4**	**(0.5)**	**3.1**	**0.2**	**-**	**(0.3)**	**-**	**-**	**-**	**4.9**
TOTAL OTHER CURRENT FINANCIAL ASSETS, NET	**1,488.6**	**(893.8) (2)**	**20.0**	**0.2**	**2.6**	**(8.5)**	**50.3**	**(25.9)**	**(5.5)**	**628.0**

(1) *Impairment losses are recorded in financial income and expenses.*

(2) "Net decrease/increase in current loans" *in the Consolidated Cash Flow Statement (€345.7 million) includes repayments/disposals of other current financial assets of €893.8 million, excluding accrued interest on current and non-current loans (€0.1 million) presented in "Interest paid", the net increase/decrease in other current financial assets available for sale (-€0.5 million) presented in "Purchases of/Proceeds on disposal of financial assets" and the repayment of the Berlin Water current account in VW Deutschland (-€547.7 million) presented in ""Proceeds on disposal of financial assets".*

The accounting treatment of other current financial assets in loans and receivables complies with the required treatment of loans and receivables as defined by IAS 39.

Other financial assets are classified as available-for-sale assets in accordance with the accounting principles described in Note 1.14.2.

Repayments mainly concern:

- Repayment of the receivable recognized in VW Deutschland in respect of the loan granted by the Group to Berlin Water (-€547.7 million);
- Repayment of the VE SA loan to Dalkia International (-€334.3 million).

Changes in consolidation scope mainly concern the impact of the full consolidation of Proactiva Medio Ambiente (€16.0 million).

Recap: Movements in other current financial assets during **2012** are as follows:

(€ million)	As of December 31, 2011, re-presented	Repayments / disposals	Changes in consolidation scope	Fair value adjustments	Impairment losses [1]	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other	As of December 31, 2012, re-presented
Gross	1,006.9	19.5	(19.3)	-	-	22.4	476.0	(8.4)	14.6	1,511.7
Impairment losses	(31.5)	-	-	-	5.5	0.2	-	0.1	0.2	(25.5)
CURRENT FINANCIAL ASSETS IN LOANS AND RECEIVABLES, NET	**975.4**	**19.5**	**(19.3)**	**-**	**5.5**	**22.6**	**476.0**	**(8.3)**	**14.8**	**1,486.2**
OTHER CURRENT FINANCIAL ASSETS	**3.5**	**(0.2)**	**-**	**(1.0)**	-	-	**0.3**	-	**(0.2)**	**2.4**
TOTAL OTHER CURRENT FINANCIAL ASSETS, NET	**978.9**	**19.3**	**(19.3)**	**(1.0)**	**5.5**	**22.6**	**476.3**	**(8.3)**	**14.6**	**1,488.6**

(1) Impairment losses are recorded in financial income and expenses.

The accounting treatment of other current financial assets in loans and receivables complies with the required treatment of loans and receivables as defined by IAS 39.

Other financial assets are classified as available-for-sale assets in accordance with the accounting principles described in Note 1.14.2.

Transfers to other current financial assets are presented in 12.1.

Note 13 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Changes in business through net income	Changes in business through equity	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets / liabilities classified as held for sale	Other	As of December 31, 2013
Deferred tax assets, gross	1,976.8	90.3	(6.9)	(7.1)	(61.3)	(112.9)	38.1	1,917.0
Deferred tax assets not recognized	(958.1)	(128.8)	7.4	27.9	30.5	13.0	(49.7)	(1,057.8)
DEFERRED TAX ASSETS, NET	**1,018.7**	**(38.5)**	**0.5**	**20.8**	**(30.8)**	**(99.9)**	**(11.6)**	**859.2**
DEFERRED TAX LIABILITIES	**1,010.3**	**(80.1)**	**2.0**	**(7.3)**	**(19.9)**	**(102.0)**	**(1.9)**	**801.1**

As of December 31, 2013, deferred tax assets not recognized totaled -€1,057.8 million, including -€751.7 million on tax losses and -€306.1 million on timing differences. As of December 31, 2012, re-presented, such deferred tax assets totaled -€958.1 million, including -€554.5 million on tax losses and -€403.6 million on timing differences.

In France, based on taxable projected income, the Veolia Environnement tax group restricted the recognition of deferred tax assets to the amount of deferred tax liabilities, as at the previous year end.

As of December 31, 2013, the tax group in the United States has ordinary tax losses carried forward, relating to the restructuring of Water businesses in 2006 and associated with losses incurred by the former activities of U.S. Filter. These tax losses, which may exceed USD 4 billion, are currently being reviewed by the U.S. tax authorities (see Note 33).

Changes in business through equity mainly include the tax effect of fair value adjustments and actuarial gains and losses and the impact of the change in impairment of deferred tax assets of the France tax group initially recognized in equity.

Changes in consolidation scope mainly concern:

- The acquisition of an additional interest in Proactiva Medio Ambiente (€35.4 million in respect of deferred tax assets and €9.7 million in respect of deferred tax liabilities);
- The deconsolidation of Environmental Services activities in Italy (-€13.3 million in respect of deferred tax assets and -€13.4 million in respect of deferred tax liabilities).

Foreign exchange translation gains and losses are mainly due to fluctuations in the U.S. dollar, the Japanese yen, the pound sterling and the Australian dollar against the euro.

Transfers to Assets and liabilities classified as held for sale mainly concern Dalkia France activities and Water activities in Morocco (see Note 24).

Deferred tax assets and liabilities **break down by nature** as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
DEFERRED TAX ASSETS			
Tax losses	986.1	806.1	812.0
Provisions and impairment losses	301.9	350.2	417.8
Employee benefits	184.2	234.3	213.9
Financial instruments	155.1	253.4	178.2
Operating financial assets	48.0	76.5	93.5
Fair value remeasurement of assets purchased	1.8	5.9	18.2
Foreign exchange translation	0.1	-	-
Finance leases	13.0	22.0	22.8
Intangible assets and Property, plant and equipment	7.6	8.4	7.6
Other	219.2	220.0	219.8
DEFERRED TAX ASSETS, GROSS (1)	**1,917.0**	**1,976.8**	**1,983.8**
DEFERRED TAX ASSETS NOT RECOGNIZED	**(1,057.8)**	**(958.1)**	**(918.8)**
RECOGNIZED DEFERRED TAX ASSETS	**859.2**	**1,018.7**	**1,065.0**

(1) Gross deferred tax assets decreased €59.8 million including €106.3 million between December 31, 2012 and 2013 following the transfer of Dalkia France to assets held for sale.

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
DEFERRED TAX LIABILITIES			
Intangible assets and Property, plant and equipment (1)	360.3	391.0	728.4
Fair value remeasurement of assets purchased	53.8	67.0	103.2
Operating financial assets	90.8	149.1	149.1
Financial instruments	46.0	83.3	83.5
Finance leases	81.7	86.1	86.5
Provisions	42.2	43.3	50.0
Foreign exchange translation	11.8	10.6	13.9
Employee benefits	28.8	16.2	27.0
Other	85.7	163.7	223.5
DEFERRED TAX LIABILITIES (2)	**801.1**	**1,010.3**	**1,465.1**

(1) Deferred tax liabilities on property, plant and equipment decreased €337.4 million between December 31, 2011 and December 31, 2012, including €206.7 million in respect of the divestiture of regulated Water activities in the United Kingdom and €130.2 million in respect of the divestiture of solid waste activities in the United States in the Environmental Services Division.

(2) Deferred tax liabilities decreased €209.8 million, including €106.8 million between December 31, 2012 and 2013 following the transfer of Dalkia France to liabilities directly associated with assets classified as held for sale.

The breakdown **by main tax group** as of December 31, 2013 is as follows:

(€ million)	Recognized deferred tax assets on tax losses	Recognized deferred tax assets on timing differences	Deferred tax liabilities on timing differences	Net recognized deferred tax position
France Veolia Environnement tax group	-	184.5	(184.5)	-
United States tax group	178.4	135.2	(160.5)	153.1
United Kingdom tax group	-	62.5	(132.3)	(69.8)
TOTAL FOR THE MAIN TAX GROUPS	**178.4**	**382.2**	**(477.3)**	**83.3**

The timing schedule for the reversal of the net deferred tax position on timing differences and the deferred tax asset position on tax losses of the France Veolia Environnement tax group and the United States tax group is as follows:

(€ million)	Deferred tax assets on tax losses			Net deferred tax on timing differences			Total		
	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total
France Veolia Environnement tax group	-	-	-	-	-	-	-	-	-
United States tax group	178.4	-	178.4	39.2	(64.5)	(25.3)	217.6	(64.5)	153.1

The **expiry schedule** for deferred tax assets on tax losses recognized and not recognized as of December 31, 2013 is as follows:

(€ million)	Expiry: 5 years or less	Expiry: More than 5 years	Expiry: Unlimited	Total
Recognized tax losses	**6.7**	**184.8**	**42.9**	**234.4**
o/w French tax groups	-	-	-	-
o/w United States tax group	-	*178.4*	-	*178.4*
o/w United Kingdom tax group	-	-	-	-
Tax losses not recognized	**(32.9)**	**(51.3)**	**(667.5)**	**(751.7)**
o/w French tax groups	-	-	*(295.2)*	*(295.2)*
o/w United States tax group	-	-	-	-
o/w United Kingdom tax group	-	-	-	-

Deferred tax assets and liabilities **break down by destination** as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
DEFERRED TAX ASSETS, NET			
Deferred tax assets through net income	807.2	948.0	986.5
Deferred tax assets through equity	52.0	70.7	78.5
DEFERRED TAX ASSETS, NET	**859.2**	**1,018.7**	**1,065.0**
DEFERRED TAX LIABILITIES			
Deferred tax liabilities through net income	775.7	984.0	1,431.8
Deferred tax liabilities through equity	25.4	26.3	33.3
DEFERRED TAX LIABILITIES	**801.1**	**1,010.3**	**1,465.1**

Recap: Movements in deferred tax assets and liabilities during 2012 are as follows:

(€ million)	As of December 31, 2011, re-presented	Changes in business through net income	Changes in business through equity	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets / liabilities classified as held for sale	Other	As of December 31, 2012, re-presented
Deferred tax assets, gross	1,983.8	173.2	(19.1)	(65.8)	(14.3)	(77.6)	(3.4)	1,976.8
Deferred tax assets not recognized	(918.8)	(90.5)	24.9	(16.4)	3.2	36.3	3.2	(958.1)
DEFERRED TAX ASSETS, NET	**1,065.0**	**82.7**	**5.8**	**(82.2)**	**(11.1)**	**(41.3)**	**(0.2)**	**1,018.7**
DEFERRED TAX LIABILITIES	**1,465.1**	**(13.0)**	**(3.1)**	**(407.0)**	**10.5**	**(39.4)**	**(2.8)**	**1,010.3**

Note 14 Working capital

Movements in net working capital during 2013 are as follows:

(€ million)	**As of December 31, 2012, re-presented**	**Change in business**	**Impairment losses**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2013**
Inventories and work-in-progress, net	614.9	(36.3)	15.9	20.1	(9.7)	(168.1)	(2.3)	434.5
Operating receivables, net	8,573.8	(92.5)	(41.4)	120.6	(170.1)	(1,424.2)	(22.1)	6,944.1
Operating payables	9,562.8	(145.7)	-	91.1	(144.4)	(1,398.9)	(35.0)	7,929.9
NET WORKING CAPITAL	**(374.1)**	**16.9**	**(25.5)**	**49.6**	**(35.4)**	**(193.4)**	**10.6**	**(551.3)**

Net amounts transferred to "**Assets classified as held for sale"** and **"Liabilities directly associated with assets classified as held for sale"** mainly concern the transfer of Dalkia France assets and liabilities (-€180.0 million) in line with the transaction described in Note 3.2.2.

Net impairment losses were mainly recognized in the "Other Segments" Division in VE SA in the amount of -€23.9 million and in the Water Division in France in the amount of -€11.7 million.

Changes in consolidation scope mainly concern the full consolidation of Proactiva Medio Ambiente (€43.7 million) and the deconsolidation of Environmental Services activities in Italy (€9.2 million)

Net working capital includes "operating" working capital (inventories, trade receivables, trade payables and other operating receivables and payables, tax receivables and payables other than current tax), "tax" working capital (current tax receivables and payables) and "investment" working capital (receivables and payables in respect of industrial investments).

Movements in each of these working capital categories in **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Changes in business	Impairment losses, net	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets / liabilities classified as held for sale	Other	As of December 31, 2013
Inventories and work-in-progress, net	614.9	(36.3)	15.9	20.1	(9.7)	(168.1)	(2.3)	434.5
Operating receivables (including tax receivables other than current tax)	8,406.8	(36,1)	(41,0)	121,4	(167,0)	(1,429.3)	(22,1)	6,832.7
Operating payables (including tax payables other than current tax)	(9,149.7)	101.8	-	(66.4)	141.6	1,387.6	14.7	(7,570.4)
OPERATING WORKING CAPITAL [(1)]	***(128.0)***	***29.4***	***(25.1)***	***75.1***	***(35.1)***	***(209.8)***	***(9.7)***	***(303.2)***
Tax receivables (current tax)	140.3	(35.3)	-	(0.8)	(2.9)	5.1	(0.4)	106.0
Tax payables (current tax)	(158.2)	63.1	-	(30.9)	0.3	3.2	3.9	(118.6)
TAX WORKING CAPITAL	***(17.9)***	***27.8***	***-***	***(31.7)***	***(2.6)***	***8.3***	***3.5***	***(12.6)***
Receivables on non-current asset disposals	26.7	(21.1)	(0.4)	-	(0.2)	-	0.4	5.4
Industrial investment payables	(254.9)	(19.2)	-	6.2	2.5	8.1	16.4	(240.9)
INVESTMENT WORKING CAPITAL	***(228.2)***	***(40.3)***	***(0.4)***	***6.2***	***2.3***	***8.1***	***16.8***	***(235.5)***
NET WORKING CAPITAL	**(374.1)**	**16.9**	**(25.5)**	**49.6**	**(35.4)**	**(193.4)**	**10.6**	**(551.3)**

(1) The change in working capital presented in the Consolidated Cash Flow Statement is equal to the sum of operating working capital changes in business activity and impairment losses presented above.

Movements in inventories during **2013** are as follows:

Inventories *(€ million)*	As of December 31, 2012, re-presented	Changes in business	Impairment losses	Reversal of impairment losses	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other	As of December 31, 2013
Raw materials and supplies	345.7	2.7	-	-	20.5	(7.0)	(37.5)	-	324.3
Work-in-progress	201.0	(34.8)	-	-	-	(1.5)	(122.9)	1.0	42.8
Other inventories[(1)]	95.8	(4.2)	-	-	-	(1.6)	(4.1)	-	86.0
INVENTORIES AND WORK-IN-PROGRESS, GROSS	**642.5**	**(36.3)**	**-**	**-**	**20.5**	**(10.1)**	**(164.5)**	**1.0**	**453.1**
IMPAIRMENT LOSSES ON INVENTORIES AND WORK-IN-PROGRESS	**(27.6)**	**-**	**(10.8)**	**26.7**	**(0.4)**	**0.4**	**(3.6)**	**(3.3)**	**(18.6)**
INVENTORIES AND WORK-IN-PROGRESS, NET	**614.9**	**(36.3)**	**(10.8)**	**26.7**	**20.1**	**(9.7)**	**(168.1)**	**(2.3)**	**434.5**

(1) Including CO_2 inventories.

Inventories mainly concern the Water Division in the amount of €249.7 million and the Environmental Services Division in the amount of €148.0 million.

Movements in operating receivables during **2013** are as follows:

Operating receivables *(€ million)*	**As of December 31, 2012, re-presented**	**Changes in business**	**Impairment losses[1]**	**Reversal of impairment losses[1]**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2013**
Trade receivables	6,551.8	(33.3)	-	-	167.3	(120.7)	(847.0)	(16.1)	5,702.0
Impairment losses on trade receivables	(422.7)	-	*(119.4)*	*81.9*	*(55.4)*	*8.3*	*17.1*	*1.2*	*(489.0)*
TRADE RECEIVABLES. NET[2]	**6,129.1**	**(33.3)**	**(119.4)**	**81.9**	**111.9**	**(112.4)**	**(829.9)**	**(14.9)**	**5,213.0**
Other current operating receivables	602.6	25.1	-	-	(42.8)	(17.7)	(65.4)	(10.4)	491.4
Impairment losses on other current operating receivables	(54.2)	-	(6.5)	2.7	11.8	1.0	6.6	1.3	(37.3)
OTHER OPERATING RECEIVABLES, NET[2]	**548.4**	**25.1**	**(6.5)**	**2.7**	**(31.0)**	**(16.7)**	**(58.8)**	**(9.1)**	**454.1**
Other receivables[3]	843.9	(127.7)	(0.1)	-	1.4	(29.8)	(168.0)	(0.8)	518.9
Tax receivables	1,052.4	43.4	-	-	38.3	(11.2)	(367.5)	2.7	758.1
OPERATING RECEIVABLES, NET	**8,573.8**	**(92.5)**	**(126.0)**	**84.6**	**120.6**	**(170.1)**	**(1,424.2)**	**(22.1)**	**6,944.1**

(1) Impairment losses are recorded in operating income and included in the line "Changes in working capital" in the Consolidated Cash Flow Statement.
(2) Financial assets as defined by IAS 39, valued in accordance with the rules applicable to loans and receivables.
(3) Receivables recognized on a percentage completion basis in respect of construction activities and prepayments.

Short-term commercial receivables and payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

Changes in consolidation scope primarily concern the full consolidation of Proactiva (€202.6 million) and the deconsolidation of Environmental Services activities in Italy (-€60.9 million).

Transfers to Assets classified as held for sale mainly concern Dalkia France operating receivables (-€1,456.5 million).

Net impairment losses mainly concern trade receivables (-€37.5 million) and are tied to the write-down of trade receivables in VE SA (-€23.9 million) and in Water distribution activities in France (-€11.7 million).

Operating receivables held by the Group in countries considered high-risk by the IMF are not material in amount.

Movements in operating payables during 2013 are as follows:

Operating payables *(€ million)*	**As of December 31, 2012, re-presented**	**Changes in business**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Liabilities classified as held for sale**	**Other**	**As of December 31, 2013**
Trade payables [(1)]	3,997.7	(31.4)	31.9	(70.8)	(716.2)	(14.9)	3,196.3
Other operating payables[(1)]	3,687.7	(30.6)	(15.5)	(50.1)	(131.0)	(0.4)	3,460.1
Other liabilities[(2)]	638.5	3.1	(0.6)	(12.4)	(165.9)	(16.6)	446.1
Tax and employee-related liabilities	1,238.9	(86.8) [(3)]	75.3	(11.1)	(385.8)	(3.1)	827.4
OPERATING PAYABLES	**9,562.8**	**(145.7)**	**91.1**	**(144.4)**	**(1,398.9)**	**(35.0)**	**7,929.9**

(1) Financial liabilities as defined by IAS 39, measured at amortized cost.
(2) Primarily deferred income.
(3) Changes in business mainly concern the Water Division in the amount of -€67.8 million

Trade payables are recognized as liabilities at amortized cost in accordance with IAS 39 for accounting purposes. Short-term commercial payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

Changes in consolidation scope primarily concern the full consolidation of Proactiva (€179.9 million) and the deconsolidation of Environmental Services activities in Italy (-€70.5 million).

Transfers to assets classified as held for sale mainly concern Dalkia France operating payables (-€1,441.5 million).

Recap: Movements in net working capital during **2012** are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Changes in business**	**Impairment losses, net**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Inventories and work-in-progress, net	664.5	23.1	(36.5)	(35.5)	(1.3)	(4.4)	5.0	614.9
Operating receivables, net	8,836.5	126.8	(26.5)	(67.6)	(28.1)	(233.2)	(34.1)	8,573.8
Operating payables	9,897.8	146.8	-	(83.6)	(19.2)	(339.1)	(39.9)	9,562.8
NET WORKING CAPITAL	**(396.8)**	**3.1**	**(63.0)**	**(19.5)**	**(10.2)**	**101.5**	**10.8**	**(374.1)**

(€ million)	**As of December 31, 2011 re-presented**	**Changes in business**	**Impairment losses, net**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Inventories and work-in-progress, net	664.5	23.1	(36.5)	(35.5)	(1.3)	(4.4)	5.0	614.9
Operating receivables (including tax receivables other than current tax)	8,692.3	79.6	(26.0)	(68.8)	(27.9)	(224.4)	(18.0)	8,406.8
Operating payables (including tax payables other than current tax)	(9,465.8)	(71.6)	-	77.2	19.1	279.3	12.1	(9,149.7)
OPERATING WORKING CAPITAL [(1)]	**(109.0)**	**31.1**	**(62.5)**	**(27.1)**	**(10.1)**	**50.5**	**(0.9)**	**(128.0)**
Tax receivables (current tax)	126.0	26.5	-	1.2	(0.2)	(8.8)	(4.4)	140.3
Tax payables (current tax)	(113.8)	(54.6)	-	3.1	0.5	4.8	1.8	(158.2)
TAX WORKING CAPITAL	**12.2**	**(28.1)**	-	**4.3**	**0.3**	**(4.0)**	**(2.6)**	**(17.9)**
Receivables on non-current asset disposals	18.2	20.7	(0.5)	-	-	-	(11.7)	26.7
Industrial investment payables	(318.2)	(20.6)	-	3.3	(0.4)	55.0	26.0	(254.9)
INVESTMENT WORKING CAPITAL	**(300.0)**	**0.1**	**(0.5)**	**3.3**	**(0.4)**	**55.0**	**14.3**	***(228.2)***
NET WORKING CAPITAL	**(396.8)**	**3.1**	**(63.0)**	**(19.5)**	**(10.2)**	**101.5**	**10.8**	**(374.1)**

(1) The change in working capital presented in the Consolidated Cash Flow Statement is equal to the sum of operating working capital changes in business activity and impairment losses presented above.

Recap: Movements in inventories during **2012** are as follows:

Inventories *(€ million)*	**As of December 31, 2011, re-presented**	**Changes in business**	**Impairment losses**	**Reversal of impairment losses**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Raw materials and supplies	341.4	9.9	-	-	(1.0)	(0.4)	(5.8)	1.6	345.7
Work-in-progress	244.3	9.2	-	-	(45.9)	(1.2)	(6.5)	1.1	201.0
Other inventories (1)	106.5	4.0	-	-	(4.8)	(0.1)	(7.8)	(2.0)	95.8
INVENTORIES AND WORK-IN-PROGRESS, GROSS	**692.2**	**23.1**	**-**	**-**	**(51.7)**	**(1.7)**	**(20.1)**	**0.7**	**642.5**
IMPAIRMENT LOSSES ON INVENTORIES AND WORK-IN-PROGRESS	(27.7)	-	(50.6)	14.1	16.2	0.4	15.7	4.3	(27.6)
INVENTORIES AND WORK-IN-PROGRESS, NET	**664.5**	**23.1**	**(50.6)**	**14.1**	**(35.5)**	**(1.3)**	**(4.4)**	**5.0**	**614.9**

(1) Including CO_2 inventories.

Inventories mainly concern the Water Division in the amount of €245.0 million and the Energy Services Division in the amount of €208.2 million.

Recap: Movements in operating receivables during **2012** are as follows:

Operating receivables *(€ million)*	**As of December 31, 2011, re-presented**	**Changes in business**	**Impairment losses (1)**	**Reversal of impairment losses (1)**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Trade receivables	*6,770.5*	*108.2*	-	-	*(76.9)*	*(13.1)*	*(220.2)*	*(16.7)*	*6,551.8*
Impairment losses on trade receivables	*(435.3)*	-	*(128.6)*	*108.5*	*6.1*	*0.5*	*26.1*	-	*(422.7)*
TRADE RECEIVABLES, NET(2)	**6,335.2**	**108.2**	**(128.6)**	**108.5**	**(70.8)**	**(12.6)**	**(194.1)**	**(16.7)**	**6,129.1**
Other current operating receivables	626.2	(5.3)	-	-	11.2	(3.3)	(12.9)	(13.3)	602.6
Impairment losses on other current operating receivables	(47.9)	-	(11.6)	5.4	(0.2)	0.6	-	(0.5)	(54.2)
OTHER OPERATING RECEIVABLES, NET(2)	**578.3**	**(5.3)**	**(11.6)**	**5.4**	**11.0**	**(2.7)**	**(12.9)**	**(13.8)**	**548.4**
Other receivables (3)	815.8	61.4	(0.2)	-	(19.8)	(12.0)	(0.9)	(0.4)	843.9
Tax receivables	1,107.2	(37.5)	-	-	12.0	(0.8)	(25.3)	(3.2)	1,052.4
OPERATING RECEIVABLES, NET	**8,836.5**	**126.8**	**(140.4)**	**113.9**	**(67.6)**	**(28.1)**	**(233.2)**	**(34.1)**	**8,573.8**

(1) Impairment losses are recorded in operating income and included in the line "Changes in working capital" in the Consolidated Cash Flow Statement.
(2) Financial assets as defined by IAS 39, valued in accordance with the rules applicable to loans and receivables.
(3) Receivables recognized on a percentage completion basis in respect of construction activities and prepayments.

Short-term commercial receivables and payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

Transfers to Assets classified as held for sale mainly concern Water activities in Morocco (-€178.5 million) and global urban lighting activities (Citelum) for -€50.2 million.

Changes in consolidation scope primarily concern the divestiture of regulated activities in the United Kingdom (-€213.9 million), the divestiture of solid waste activities in the United States in the Environmental Services Division (-€81.6 million) and the acquisition of Azaliya (€112.0 million).

Net impairment losses mainly concern trade receivables (-€20.1 million).

Recap: Movements in operating payables during **2012** are as follows:

Operating payables *(€ million)*	**As of December 31, 2011, re-presented**	**Changes in business**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Liabilities classified as held for sale**	**Other**	**As of December 31, 2012, re-presented**
Trade payables [1]	3,927.6	202.3	35.3	(9.0)	(148.4)	(10.1)	3,997.7
Other operating payables[1]	4,040.4	(185.3)	(39.7)	(8.6)	(116.0)	(3.1)	3,687.7
Other liabilities[2]	751.6	57.3	(132.5)	0.2	(16.4)	(21.7)	638.5
Tax and employee-related liabilities	1,178.2	72.5	53.3	(1.8)	(58.3)	(5.0)	1,238.9
OPERATING PAYABLES	**9,897.8**	**146.8**	**(83.6)**	**(19.2)**	**(339.1)**	**(39.9)**	**9,562.8**

(1) Financial liabilities as defined by IAS 39, measured at amortized cost.
(2) Primarily deferred income.

Trade payables are recognized as liabilities at amortized cost in accordance with IAS 39 for accounting purposes. Short-term commercial payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

Transfers to Assets classified as held for sale mainly concern Water activities in Morocco (-€273.5 million) and global urban lighting activities (Citelum) for -€60.5 million.

Recap: Movements in net working capital during **2011** are as follows:

(€ million)	**As of December 31, 2010 re-presented**	**Changes in business**	**Impairment losses, net**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2011, re-presented**
Inventories and work-in-progress, net	725.1	67.7	6.7	(130.0)	3.4	(1.9)	(6.5)	664.5
Operating receivables, net	9,887.6	391.8	(12.1)	(1,264.2)	31.5	(136.7)	(61.4)	8,836.5
Operating payables	11,188.1	245.1	-	(1,460.1)	34.9	(34.5)	(75.7)	9,897.8
NET WORKING CAPITAL	**(575.4)**	**214.4**	**(5.4)**	**65.9**	**-**	**(104.1)**	**7.8**	**(396.8)**

(€ million)	As of December 31, 2010, re-presented	Changes in business	Impairment losses, net	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets / liabilities classified as held for sale	Other	As of December 31, 2011, re-presented
Inventories and work-in-progress, net	725.1	67.7	6.7	(130.0)	3.4	(1.9)	(6.5)	664.5
Operating receivables (including tax receivables other than current tax)	9,730.5	309.4	(12.0)	(1,193.5)	31.0	(140.0)	(33.1)	8,692.3
Operating payables (including tax payables other than current tax)	(10,746.9)	(147.7)	-	1,385.7	(27.1)	46.2	24.0	(9,465.8)
OPERATING WORKING CAPITAL (1)	**(291.3)**	**229.4**	**(5.3)**	**62.2**	**7.3**	**(95.7)**	**(15.6)**	**(109.0)**
Tax receivables (current tax)	135.1	79.3	-	(42.9)	0.2	3.3	(49.0)	126.0
Tax payables (current tax)	(156.6)	(58.0)	-	39.9	(0.5)	1.6	59.8	(113.8)
TAX WORKING CAPITAL	**(21.5)**	**21.3**	-	**(3.0)**	**(0.3)**	**4.9**	**10.8**	**12.2**
Receivables on non-current asset disposals	22.0	3.1	(0.1)	(27.8)	0.3	-	20.7	18.2
Industrial investment payables	(284.6)	(39.4)	-	34.5	(7.3)	(13.3)	(8.1)	(318.2)
INVESTMENT WORKING CAPITAL	**(262.6)**	**(36.3)**	**(0.1)**	**6.7**	**(7.0)**	**(13.3)**	**12.6**	**(300.0)**
NET WORKING CAPITAL	**(575.4)**	**214.4**	**(5.4)**	**65.9**	-	**(104.1)**	**7.8**	**(396.8)**

(1) The change in working capital presented in the Consolidated Cash Flow Statement is equal to the sum of operating working capital changes in business activity and impairment losses presented above.

Movements in inventories during **2011** are as follows:

Inventories *(€ million)*	**As of December 31, 2010, re-presented**	**Changes in business**	**Impairment losses**	**Reversal of impairment losses**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2011, re-presented**
Raw materials and supplies	430.0	37.8	-	-	(129.1)	1.2	2.0	(0.5)	341.4
Work-in-progress	225.4	24.1	-	-	(1.4)	2.4	(0.6)	(5.6)	244.3
Other inventories [1]	118.1	5.8	-	-	(14.6)	(0.1)	(2.7)	-	106.5
INVENTORIES AND WORK-IN-PROGRESS, GROSS	**773.5**	**67.7**	-	-	**(145.1)**	**3.5**	**(1.3)**	**(6.1)**	**692.2**
IMPAIRMENT LOSSES ON INVENTORIES AND WORK-IN-PROGRESS	(48.4)	-	(12.2)	18.9	15.1	(0.1)	(0.6)	(0.4)	(27.7)
INVENTORIES AND WORK-IN-PROGRESS, NET	**725.1**	**67.7**	**(12.2)**	**18.9**	**(130.0)**	**3.4**	**(1.9)**	**(6.5)**	**664.5**

(1) Including CO_2 inventories.

Recap: Movements in operating receivables during **2011** are as follows:

Operating receivables *(€ million)*	**As of December 31, 2010, re-presented**	**Changes in business**	**Impairment losses [1]**	**Reversal of impairment losses [1]**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2011, re-presented**
Trade receivables	7,578.9	128.7	-	-	(830.6)	20.0	(104.6)	(21.9)	6,770.5
Impairment losses on trade receivables	(443.0)		(153.2)	142.1	33.6	(1.9)	(9.0)	(3.9)	(435.3)
TRADE RECEIVABLES, NET[2]	**7,135.9**	**128.7**	**(153.2)**	**142.1**	**(797.0)**	**18.1**	**(113.6)**	**(25.8)**	**6,335.2**
Other current operating receivables	908.3	(32.0)	-	-	(261.7)	2.5	(6.2)	15.3	626.2
Impairment losses on other current operating receivables	(52.6)	-	(10.7)	9.7	8.7	(0.4)	(0.5)	(2.1)	(47.9)
OTHER OPERATING RECEIVABLES, NET[2]	**855.7**	**(32.0)**	**(10.7)**	**9.7**	**(253.0)**	**2.1**	**(6.7)**	**13.2**	**578.3**
Other receivables [3]	737.3	125.5	-	-	(60.2)	13.0	(2.9)	3.1	815.8
Tax receivables	1,158.7	169.6	-	-	(154.0)	(1.7)	(13.5)	(51.9)	1,107.2
OPERATING RECEIVABLES, NET	**9,887.6**	**391.8**	**(163.9)**	**151.8**	**(1,264.2)**	**31.5**	**(136.7)**	**(61.4)**	**8,836.5**

(1) Impairment losses are recorded in operating income and included in the line "Changes in working capital" in the Consolidated Cash Flow Statement.
(2) Financial assets as defined by IAS 39, valued in accordance with the rules applicable to loans and receivables.
(3) Receivables recognized on a percentage completion basis in respect of construction activities and prepayments.

Recap: Movements in operating payables during **2011** are as follows:

Operating payables *(€ million)*	**As of December 31, 2010, re-presented**	**Changes in business**	**Changes in consolidation scope**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2011, re-presented**
Trade payables (1)	4,394.2	18.3	(449.7)	15.3	(48.0)	(2.5)	3,927.6
Other operating payables (1)	4,697.1	28.6	(757.0)	17.7	37.9	16.1	4,040.4
Other liabilities (2)	776.3	116.5	(127.9)	0.7	11.5	(25.5)	751.6
Tax and employee-related liabilities	1,320.5	81.7	(125.5)	1.2	(35.9)	(63.8)	1,178.2
OPERATING PAYABLES	**11,188.1**	**245.1**	**(1,460.1)**	**34.9**	**(34.5)**	**(75.7)**	**9,897.8**

(1) Financial liabilities as defined by IAS 39, measured at amortized cost.
(2) Primarily deferred income.

14.1 Transfers of financial assets

In 2013, Veolia Environnement had several programs for the assignment of receivables through factoring, discounting and assignment by way of security. No securitization programs were set-up in 2013 following termination of the Water Division program in May 2012.

Factoring

There are currently two trade receivable factoring programs in the Energy Services Division, representing maximum aggregate outstandings of €260 million.

Under these programs, set-up in 2010 and 2012 and renewed annually, the Group subsidiaries have agreed to assign, on a renewable basis, trade receivables by contractual subrogation without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IAS 39 led the Group to derecognize almost all the receivables assigned under these factoring programs. In addition, the subsidiaries remain responsible for invoicing and debt recovery, for which they receive remuneration but do not retain control.

Accordingly, receivables totaling €1,133 million were assigned under the aforementioned programs in 2013, compared with €1,009 million in 2012. Receivables derecognized as of December 31, 2013 total €185.0 million, compared with €179.7 million as of December 31, 2012. These assignments were performed on a recurring basis throughout the year.

Discounting and assignment by way of security

Under Public-Private partnerships, all Veolia Environnement Division subsidiaries can assign the fraction of future payments guaranteed by local authorities / private customers (recognized in financial receivables pursuant to IFRIC 12 or IFRIC 4-IAS 17) to the bodies funding the project, through discounting or assignment by way of security programs (such as Dailly programs in France).

For the majority of partnerships concerned by these financial receivable assignments, the assignment agreements negotiated and the contractual clauses agreed between the stakeholders are sufficient to satisfy the derecognition criteria set out in IAS 39. The residual risk retained by the companies (considered immaterial) is generally tied solely to late customer payment due to late/deferred invoicing of royalties by Group subsidiaries. Group subsidiaries are mandated by the financial institutions to manage the invoicing and recovery of the receivables covered by these programs. Veolia Environnement analyzed the management and recovery procedures falling to Group subsidiaries and concluded they these services did not constitute continuing involvement.

Two assignments by way of security performed in 2005 and 2006 in connection with the specific terms and conditions of finance lease agreements entered into by the Environmental Services Division operate differently and do not permit the derecognition of the receivables assigned. The assignment terms provide for the provision of a joint surety by the subsidiaries and their partners to the assignee financial institutions. Receivables of €83.1 million and corresponding to finance lease obligations maturing in 2025 and 2026 of €82.4 million are recognized in Veolia Environnement's balance sheet as of December 31, 2013 in respect of these contracts (€85.0 million and €86.0 million, respectively, as of December 31, 2012).

Note 15 Cash and cash equivalents

Movements in cash and cash equivalents and bank overdrafts and other cash position items during **2013** are as follows:

(€ million)	**As of December 31, 2012, re-presented**	**Changes in business**	**Changes in consolidation scope**	**Fair value adjustments (1)**	**Foreign exchange translation**	**Transfers to Assets / liabilities classified as held for sale**	**Other**	**As of December 31, 2013**
Cash	617.5	(119.8)	(41.6)	-	3.6	29.5	0.4	489.6
Cash equivalents	4,380.5	(592.1)	3.4	-	(5.4)	(0.8)	(0.8)	3,784.8
CASH AND CASH EQUIVALENTS	**4,998.0**	**(711.9)**	**(38.2)**	**-**	**(1.8)**	**28.7**	**(0.4)**	**4,274.4**
Bank overdrafts and other cash position items	**252.7**	**48.6**	**(1.8)**	**-**	**(6.3)**	**(76.9)**	**0.2**	**216.1**
Net cash	**4,745.3**	**(760.5)**	**(36.4)**	**-**	**4.5**	**105.6**	**(0.2)**	**4,058.3**

(1) Fair value adjustments are recorded in financial income and expenses.

Transfers to Assets classified as held for sale mainly concern the net cash of Dalkia France (€41.5 million) and wind energy activities (€68.1 million).

As of December 31, 2013, cash and cash equivalents total €4,274.4 million, compared with €4,998.0 million as of December 31, 2012. This heading includes cash balances and cash equivalents “subject to restrictions” of €157 million as of December 31, 2013.

The decrease in net cash mainly reflects debt repayments and repurchases and the payment of the Veolia Environnement dividend to shareholders, partially offset by the deeply subordinated security issue and disposals.

As of December 31, 2013, the Water Division held cash of €285.6 million, the Environmental Services Division held cash of €118.5 million, the Energy Services Division held cash of €2.1 million, Veolia Environnement SA held cash of €18.2 million and certain subsidiaries held cash of €65.2 million, including €33.5 million held by Proactiva Medio Ambiente.

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement SA level, are invested in accordance with procedures defined by the Group. Note 28.4 – Management of liquidity risk, presents a breakdown of investments by nature.

As of December 31, 2013, cash equivalents were primarily held by Veolia Environnement SA in the amount of €3,652.3 million including monetary UCITS of €2,034.5 million, negotiable debt instruments (bank certificates of deposit, negotiable medium term notes and treasury notes with a maturity of less than three months) of €502.4 million and term deposit accounts of €1,115.4 million. Cash equivalents are accounted for as assets at fair value through the Consolidated Income Statement.

Bank overdrafts and other cash position items consist of credit balances on bank accounts and related accrued interest payable, corresponding to brief overdrafts.

Recap: Movements in cash and cash equivalents during **2012** are as follows:

(€ million)	As of December 31, 2011, re-presented	Changes business	Changes in in consolidation scope	Fair value adjustments (1)	Foreign exchange translation	Transfers to Assets / liabilities classified as held for sale	Other	As of December 31, 2012, re-presented
Cash	644.2	124.4	(49.0)	-	(10.4)	(88.8)	(2.9)	617.5
Cash equivalents	4,381.2	(17.6)	41.2	-	2.7	2.1	(29.1)	4,380.5
CASH AND CASH EQUIVALENTS	**5,025.4**	**106.8**	**(7.8)**	-	**(7.7)**	**(86.7)**	**(32.0)**	**4,998.0**
Bank overdrafts and other cash position items	**390.5**	**(166.2)**	**16.4**	-	**(1.3)**	**9.5**	**3.8**	**252.7**
Net cash	**4,634.9**	**273.0**	**(24.2)**	-	**(6.4)**	**(96.2)**	**(35.8)**	**4,745.3**

(1) Fair value adjustments are recorded in financial income and expenses.

Transfers to assets classified as held for sale mainly concern the net cash of Water Division activities in Morocco (-€25.9 million) and wind energy activities (-€68.1 million).

As of December 31, 2012, cash and cash equivalents total €4,998.0 million, compared with €5,025.4 million as of December 31, 2011. This heading includes cash balances "subject to restrictions" of €182 million as of December 31, 2012.

As of December 31, 2012, the Water Division held cash of €280.8 million, the Environmental Services Division held cash of €144.6 million, the Energy Services Division held cash of €26.2 million, Veolia Environnement SA held cash of €114.9 million and certain subsidiaries (primarily insurance) held cash of €51.0 million.

Investment supports used by the Group include monetary UCITS (Undertakings for Collective Investment in Transferable Securities), negotiable debt instruments (bank certificates of deposit and treasury notes with a maturity of less than three months) and monetary notes.

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement SA level, are invested in accordance with procedures defined by the Group. Note 28.4.2 – Management of liquidity risk, presents a breakdown of investments by nature.

As of December 31, 2012, cash equivalents were primarily held by Veolia Environnement SA in the amount of €4,234.7 million including monetary UCITS of €3,210.4 million, negotiable debt instruments (bank certificates of deposit, negotiable medium term notes and treasury notes with a maturity of less than three months) of €399.0 million and term deposit accounts of €625.3 million. Cash equivalents are accounted for as assets at fair value through the Consolidated Income Statement.

Bank overdrafts and other cash position items consist of credit balances on bank accounts and related accrued interest payable, corresponding to brief overdrafts.

Note 16 Equity

16.1 Share capital management objectives, policies and procedures

Veolia Environnement manages its share capital within the framework of a prudent and rigorous financial policy that seeks to ensure easy access to French and international capital markets, to enable investments in projects that create value and provide shareholders with a satisfactory remuneration, while maintaining an "Investment Grade" credit rating.

This policy has led Veolia Environnement to define a debt coverage ratio: Adjusted net financial debt / (Operating cash flow before changes in working capital + principal payments on operating financial assets) of 3 to 2014 +/-5%.

Adjusted net financial debt is equal to net financial debt less loans and receivables to joint ventures. Net financial debt is equal to gross borrowings (non-current borrowings, current borrowings, bank overdrafts and other cash position items), less cash and cash equivalents and excluding fair value adjustments to derivatives hedging debt.

16.2 Equity attributable to owners of the Company

16.2.1 Share capital

The share capital is fully paid up.

16.2.1.1 Share capital increases

In 2011, Veolia Environnement performed a share capital increase of €1.2 million following the exercise of share purchase and subscription options.

In addition, Veolia Environnement performed a share capital increase of €382.7 million (net of issuance costs) on the payment of scrip dividends. As decided at the Annual General Shareholders' Meeting of May 17, 2011, the Group offered shareholders a choice of payment of the dividend in cash or shares. The option to receive payment of the dividend in shares led to the creation of 20,462,396 shares.

In 2012, Veolia Environnement performed a share capital increase of €23.9 million on the payment of scrip dividends. As decided at the Annual General Shareholders' Meeting of May 16, 2012, the Group offered shareholders a choice of payment of the dividend in cash or shares. The option to receive payment of the dividend in shares led to the creation of 2,433,889 shares.

During 2013, Veolia Environnement performed a share capital increase of €227.3 million (net of issuance costs) on the payment of scrip dividends. As decided at the Annual General Shareholders' Meeting of May 14, 2013, the Group offered shareholders a choice of payment of the dividend in cash or shares. The option to receive payment of the dividend in shares led to the creation of 26,788,859 shares.

16.2.1.2 Number of shares outstanding and par value

The number of shares outstanding was 519,652,960 as of December 31, 2011 (including treasury shares), 522,086,849 as of December 31, 2012 and 548,875,708 as of December 31, 2013. The par value of each share is €5.

16.2.1.3 Authorized but unissued shares

The Veolia Environnement Combined General Shareholders' Meeting grants two types of share issuance authorizations to the Board of Directors: (i) authorizations for the issuance of new shares, which are collectively limited to 70% of the number of shares outstanding on the date of the general shareholders' meeting; and (ii) authorizations for the preferential issuance of warrants, which is limited to 25% of the number of shares outstanding on the date of the decision to issue and which may only be used in the context of an outstanding tender offer on the Company's shares.

The first category of authorizations yields an exact number of authorized but unissued shares, whereas the number of shares authorized but unissued under the second category of authorizations will depend on the number of shares already outstanding on the date of the decision. Both types of authorizations, with the same limitations on issuance, i.e. 70% and 25%, were approved at the Combined General Shareholders' Meetings in 2009 and 2010.

Fiscal years 2011, 2012 and 2013

For 2011, authorized but unissued shares under the first category amounted to 349,388,456 shares on the basis of 499,126,367 shares outstanding on May 17, 2011, the date of the Combined General Shareholders' Meeting.

As of December 31, 2011, 20,462,396 shares had been issued from among the 349,388,456 above-mentioned authorized shares.

For 2012, authorized but unissued shares under the first category amounted to 363,757,072 shares on the basis of 519,652,960 shares outstanding on May 16, 2012, the date of the General Shareholders' Meeting voting the authorizations.

As of December 31, 2012, 2,433,889 shares had been issued from among the 363,757,072 above-mentioned authorized shares.

For 2013, authorized but unissued shares under the first category amounted to 365,460,794, shares on the basis of 522,086,849 shares outstanding on May 14, 2013, the date of the General Shareholders' Meeting voting the authorizations.

As of December 31, 2013, 26,788,859 shares had been issued from among the 365,460,794 above-mentioned authorized shares.

16.2.2 Offset of treasury shares against equity

In 2011, Veolia Environnement transferred 100,976 shares in part payment of the scrip dividend. As of December 31, 2011, the Group held 14,237,927 of its own shares.

Veolia Environnement did not purchase or sell any treasury shares in 2012 and 2013.

16.2.3 Appropriation of net income and dividend distribution

A dividend of €355.5 million was distributed by Veolia Environnement SA in 2013 and deducted from "Additional paid-in capital" and "Reserves". 2012 net income attributable to owners of the Company of €404.0 million was appropriated to "Consolidated reserves".

16.2.4 Foreign exchange translation

Re-presented accumulated foreign exchange translation reserves total €18.0 million as of January 1, 2011 (Group share).

Accumulated foreign exchange translation reserves total €31.5 million as of December 31, 2011 (Group share).

The change in foreign exchange translation reserves primarily reflects the appreciation of the Chinese renminbi yuan (+€124.2 million, Group share), U.S. dollar (+€33.7 million, Group share) and pound sterling (+€38.4 million, Group share) against the euro in 2011. Movements in foreign exchange translation reserves are nonetheless significantly limited by the Group policy of securing borrowings in the local currency.

Accumulated foreign exchange translation reserves total €222.3 million as of December 31, 2012 (Group share).

The change in foreign exchange translation reserves primarily reflects the release to the Consolidated Income Statement of the foreign exchange translation reserves of regulated Water activities in the United Kingdom and solid waste activities in the United States, following their divestiture in 2012 as detailed below.

It also reflects movements in the Chinese renminbi yuan (+€8.4 million, Group share), the US dollar (-€39.3 million, Group share), the Korean won (+€15.6 million) and the pound sterling (+€18.7 million) against the euro in 2012.

Accumulated foreign exchange translation reserves total €105.2 million as of December 31, 2013 (Group share).

The change in foreign exchange translation reserves primarily reflects the appreciation of the Chinese renminbi yuan (-€19.9 million), the Czech crown (-€36.3 million), the Australian dollar (-€21.3 million) and the pound sterling (-€23.2 million).

Movements in foreign exchange translation reserves (attributable to owners of the Company and to non-controlling interests)

(€ million)	**Total**	**o/w Attributable to owners of the Company**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	383.0	279.7
Translation differences on net foreign investments	(245.7)	(248.2)
As of December 31, 2011, re-presented	**137.3**	**31.5**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	479.8	380.2
Translation differences on net foreign investments	(159.5)	(157.9)
As of December 31, 2012, re-presented	**320.3**	**222.3**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	(255.2)	(204.3)
Translation differences on net foreign investments	88.7	87.2
Movements in 2013	**(166.5)**	**(117.1)**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	224.6	175.9
Translation differences on net foreign investments	(70.8)	(70.7)
As of December 31, 2013	**153.8**	**105.2**

Amounts released from Group foreign exchange translation reserves to the Consolidated Income Statement in 2012 following the divestiture of regulated Water activities in the United Kingdom and solid waste activities in the United States in the Environmental Services Division totaled €96.8 million and €49.9 million, respectively.

Breakdown by currency of Foreign exchange translation reserves attributable to owners of the Company

(€ million)	**As of December 31, 2011, re-presented**	**As of December 31, 2012, re-presented**	**Movement**	**As of December 31, 2013**
Chinese renminbi yuan	261.9	270.3	(19.9)	250.4
Czech crown	72.9	78.5	(36.3)	42.2
Australian dollar	73.7	67.4	(21.3)	46.1
U.S. dollar	60.3	70.9	(12.6)	58.3
Canadian dollar	9.7	9.9	(8.0)	1.9
Slovakian crown	16.4	16.4	(2.4)	14.0
Swiss franc	10.3	4.7	(0.7)	4.0
Swedish crown	0.4	(1.7)	2.0	0.3
Norwegian crown	0.2	0.4	(0.3)	0.1
Pound Sterling	(246.8)	(131.3)	(23.2)	(154.5)
Hong Kong dollar	(67.6)	(57.2)	33.9	(23.3)
Polish zloty	(30.2)	(22.3)	(0.6)	(22.9)
Romanian leu	(15.6)	(18.9)	(1.1)	(20.0)
Korean won	(7.2)	8.4	0.3	8.7
Mexican peso	(11.9)	(10.4)	8.2	(2.2)
Hungarian forint	(19.8)	(11.6)	(1.5)	(13.1)
Other currencies	(75.2)	(51.2)	(33.6)	(84.8)
TOTAL	**31.5**	**222.3**	**(117.1)**	**105.2**

Recap: the movement in 2012 mainly reflects the impact on foreign exchange translation reserves of the divestiture of regulated Water activities in the United Kingdom and solid waste activities in the United States.

16.2.5 Fair value reserves

Fair value reserves attributable to owners of the Company total -€66.7 million as of December 31, 2011,-€60.1 million as of December 31, 2012 and -€34.2 million as of December 2013, and break down as follows:

(€ million)	**Available-for-sale securities**	**Commodity derivatives hedging cash flows**	**Foreign currency derivatives hedging cash flows**	**Interest rate derivatives hedging cash flows**	**Total**	**o/w Attributable to owners of the Company**
As of December 31, 2011, re-presented	**9.4**	**0.3**	**3.1**	**(80.7)**	**(67.9)**	**(66.7)**
Fair value adjustments	4.1	(6.0)	(2.0)	6.7	2.8	2.9
Other movements	1.0	0.3	1.8	0.9	4.0	3.7
As of December 31, 2012, re-presented	**14.5**	**(5.4)**	**2.9**	**(73.1)**	**(61.1)**	**(60.1)**
Fair value adjustments	3.6	-	3.9	18.8	26.3	23.0
Other movements	-	-	(0.1)	3.0	2.9	2.9
As of December 31, 2013	**18.1**	**(5.4)**	**6.7**	**(51.3)**	**(31.9)**	**(34.2)**

Amounts are presented net of tax.

No material amounts were released to the Consolidated Income Statement in respect of interest rate derivatives hedging cash flows and recorded in finance costs and income.

16.3 Non-controlling interests

Non-controlling interests as of December 31, 2013, 2012 and 2011 break down by Division as follows:

(€ million)	**As of December 31, 2013**	**As of December 31, 2012**	**As of December 31, 2011**
Water	648.6	642.6	701.0
Environmental Services	73.9	73.0	76.0
Energy Services	690.5	668.6	732.1
Other	65.2	7.2	23.7
TOTAL	**1,478.2**	**1,391.4**	**1,532.8**

A breakdown of the movement in non-controlling interests is presented in the Statement of Changes in Equity.

The increase in non-controlling interests in 2013 is mainly due to net income for the year (€113.8 million), changes in consolidation scope (€68.6 million), the dividend distribution (-€63.1 million) and foreign exchange gains and losses (-€49.4 million).

16.4 Deeply subordinated securities

As disclosed in Note 3, in January 2013 Veolia Environnement issued deeply subordinated perpetual securities in euros and pound sterling redeemable from April 2018. The issue comprised a euro tranche of €1 billion at 4.5% yield and a pound sterling tranche of £400 million at 4.875% yield.

This issue is recognized in equity in accordance with IAS 32 and given its intrinsic terms and conditions.

Note 17 Non-current and current provisions

In accordance with IAS 37 (see Note 1.13), provisions maturing after more than one year are discounted. Changes in discount rates applied to “Provisions for closure and post-closure costs” (waste storage facilities), which make up the majority of non-current provisions, are as follows:

17.1 Changes in discount rates

		As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Euros				
	2 to 5 years	2.63%	3.28%	3.28 %
	6 to 10 years	3.93%	4.43%	4.59 %
	More than 10 years	5.02%	5.42%	5.67 %
U.S. Dollar				
	2 to 5 years	3.04%	3.59%	2.72%
	6 to 10 years	4.24%	4.53%	4.35 %
	More than 10 years	5.32%	5.53%	5.74 %
Pound Sterling				
	2 to 5 years	3.28%	4.17%	3.76%
	6 to 10 years	4.46%	4.98%	5.04 %
	More than 10 years	5.46%	5.77%	5.84 %

The discount rate calculation methodology is presented in Note 2, Use of management estimates in the application of Group accounting standards.

Movements in non-current provisions during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Additions / Charge	Repayment / Utilization	Reversal	Actuarial gains (losses)	Unwinding of the discount	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Other	As of December 31, 2013
Tax litigation	84.4	9.6	-	(12.2)	-	0.1	0.2	(1.0)	(0.9)	(0.9)	79.3
Employee litigation	4.0	0.6	-	(0.5)	-	-	0.1	-	(0.1)	(0.1)	4.0
Other litigation	37.4	3.5	-	(2.4)	-	0.5	(2.5)	(0.8)	(3.0)	1.4	34.1
Contractual commitments	272.7	192.3	(196.5)	(0.9)	-	0.7	-	(0.2)	-	(94.2)	173.9
Provisions for work-in-progress and losses to completion on long-term contracts	114.5	22.5	-	(4.6)	-	2.3	(7.2)	(1.3)	(29.3)	(0.7)	96.2
Closure and post-closure costs	417.3	17.2	-	(5.9)	-	88.5	12.2	(7.6)	(43.3)	5.1	483.5
Restructuring provisions	0.1	61.0	-	-	-	-	-	-	-	(0.1)	61.0
Self-insurance provisions	105.8	14.4	-	(0.5)	-	1.9	0.3	(0.5)	(16.8)	(7.8)	96.8
Other provisions	17.0	43.6	-	(3.4)	-	-	13.5	0.4	(10.7)	50.1	110.5
Non-current provisions excl. pensions and other employee benefits	**1,053.2**	**364.7**	**(196.5)**	**(30.4)**	**-**	**94.0**	**16.6**	**(11.0)**	**(104.1)**	**(47.2)**	**1,139.3**
Provisions for pensions and other employee benefits	**739.7**	**51.8**	**(57.6)**	**(44.7)**	**(9.7)**	**21.1**	**14.6**	**(12.9)**	**-**	**(143.5)**	**558.8**
NON-CURRENT PROVISIONS	**1,792.9**	**416.5**	**(254.1)**	**(75.1)**	**(9.7)**	**115.1**	**31.2**	**(23.9)**	**(104.1)**	**(190.7)**	**1,698.1**

Other movements mainly concern the transfer to "Liabilities directly associated with assets classified as held for sale" of Dalkia France activities (-€207.1 million).

Provision reversals mainly concern provisions for pensions and other employee benefits.

As disclosed in Note 30.2.1, the Board of Directors meeting of March 14, 2013, having received a favorable opinion from the Works Council and at the recommendation of the Nominations and Compensation Committee, approved the closure of two supplementary defined benefits collective pension plans, one for members of the Executive Committee (including the corporate officer) and the other for senior Group executives (excluding the Executive Committee). The beneficiaries of these closed pension plans were transferred with effect from July 1, 2013 to a pre-existing defined benefits plan for certain categories of executive manager.

The closure of these two pension plans generated an impact of €40.3 million, recognized in operating income in 2013.

Movements in current provisions during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Charge	Utilization	Reversal	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Other	As of December 31, 2013
Tax litigation	43.7	16.2	(8.7)	(11.5)	(1.8)	(0.8)	0.9	(2.1)	35.9
Employee litigation	22.1	7.3	(8.6)	(1.9)	(0.2)	(0.1)	0.1	(3.3)	15.4
Other litigation	86.5	50.7	(31.8)	(11.3)	1.1	(0.8)	3.0	(32.2)	65.2
Provisions for work-in-progress and losses to completion on long-term contracts	67.6	40.1	(47.6)	(7.6)	4.1	(1.6)	29.3	1.4	85.7
Closure and post-closure costs	76.6	9.1	(38.5)	(3.4)	(0.9)	(1.2)	43.3	(3.6)	81.4
Restructuring provisions	25.3	47.7	(19.8)	(3.9)	-	(0.3)	-	(3.1)	45.9
Self-insurance provisions	53.5	27.2	(36.6)	(5.6)	0.3	(1.5)	16.8	(28.7)	25.4
Other provisions	91.4	46.9	(39.3)	(10.3)	(6.3)	(0.9)	10.7	(7.4)	84.8
CURRENT PROVISIONS	**466.7**	**245.2**	**(230.9)**	**(55.5)**	**(3.7)**	**(7.2)**	**104.1**	**(79.0)**	**439.7**

Other movements mainly concern the transfer to "Liabilities directly associated with assets classified as held for sale" of Dalkia France activities (-€66.9 million).

Movements in current and non-current provisions break down as follows:

17.2 Litigation

This provision covers all losses that are considered probable and that relate to litigation (taxation, employee or other) arising in the normal course of Veolia Environnement's business operations.

Additional information on the main litigation (particularly estimates of financial impacts) is presented in Note 35.

Provisions for litigation total €233.9 million as of December 31, 2013, compared with €278.1 million as of December 31, 2012.

The Water, Environmental Services and Energy Services Divisions account for €143.9 million, €47.8 million and €3.5 million of these provisions, respectively, as of December 31, 2013.

17.3 Contractual commitments

As part of its obligations under public services contracts, Veolia Environnement generally has contractual obligations for the maintenance and repair of the installations it manages. The resulting maintenance and repair costs are analyzed in accordance with IAS 37 on provisions and, where necessary, a provision for contractual commitments is recorded where there is outstanding work to be performed.

These provisions total €173.9 million as of December 31, 2013 and exclusively concern the Water Division.

17.4 Provisions for work-in-progress and losses to completion on long-term contracts

These provisions total €181.9 million as of December 31, 2013 and mainly concern activities of the Environmental Services Division in the amount of €81.6 million and of the Water Division in the amount of €91.6 million.

17.5 Closure and post-closure costs

This provision encompasses the legal and contractual obligations of the Group on the completion of operating activities at a site (primarily site rehabilitation provisions) and, more generally, expenditure associated with environmental protection as defined in the ethics charter of each entity (provision for environmental risks).

These provisions total €564.9 million and mainly concern:

- The Environmental Services Division in the amount of €515.7 million in 2013, compared with €460.7 million in 2012 and €561.8 million in 2011;
- The Energy Services Division in the amount of €20.6 million in 2013, compared with €21.7 million in 2012 and €20.7 million in 2011;

The increase in these provisions in 2013 is mainly due to changes in interest rates and the unwinding of the discount in the amount of €88.5 million. The decrease in the provision in 2012 was due to the divestiture of solid waste activities in the United States in the Environmental Services Division and changes in interest rates and the unwinding of the discount.

By nature of obligation, these provisions concern:

- **Provisions for site rehabilitation** which cover obligations relating to closure and post-closure costs at waste disposal facilities operated by the Group and for which it is responsible. These provisions primarily concern the Environmental Services Division. Forecast site rehabilitation costs are provided pro rata to waste tonnage deposited over the authorized duration of the sites and total €490.1 million at the end of 2013, (including €460.3 million in respect of the Environmental Services Division) compared with €421.7 million at the end of 2012 and €541.7 million at the end of 2011;
- **Provisions for environmental risks** in the amount of €56.3 million in 2013 compared with €57.1 million in 2012 and €34.2 million in 2011;
- **Provisions for plant dismantling**, essentially in the Water, Energy Services and Environmental Services Divisions in the amount of €18.5 million in 2013, compared with €15.0 million in 2012 and €14.5 million in 2011.

17.6 Self-insurance provisions

As of December 31, 2013, self-insurance provisions total €122.2 million, compared with €159.3 million as of December 31, 2012. They were mainly recorded by Group insurance and reinsurance subsidiaries in the amount of €106.0 million, the Water Division in the amount of €9.3 million and the Environmental Services Division in the amount of €6.4 million.

17.7 Other provisions

Other provisions include various obligations recorded as part of the normal operation of the Group's subsidiaries and which are of immaterial individual amount.

Overall these **other provisions** total €195.3 million as of December 31, 2013, compared with €108.4 million as of December 31, 2012, and mainly concern:

- the Water Division in the amount of €113.9 million as of December 31, 2013, compared with €96.8 million as of December 31, 2012;
- the Environmental Services Division in the amount of €62.2 million as of December 31, 2013, compared with €45.7 million as of December 31, 2012.

17.8 Provisions for pensions and other employee benefits

Provisions for pensions and other employee benefits as of December 31, 2013 total €558.8 million, and include provisions for pensions and other post-employment benefits of €492.3 million (governed by IAS 19 and detailed in Note 30, Employee benefit obligation) and provisions for other long-term benefits of €66.5 million.

Recap: Movements in non-current provisions during 2012 are as follows:

(€ million)	As of December 31, 2011, re-presented	Additions / Charge	Repayment / Utilization	Reversal	Actuarial gains (losses)	Unwinding of the discount	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Other	As of December 31, 2012, re-presented
Tax litigation	67.8	34.2	-	(0.2)	-	0.2	(0.6)	(0.4)	(16.0)	(0.6)	84.4
Employee litigation	3.8	0.5	-	(0.4)	-	-	-	-	(0.4)	0.5	4.0
Other litigation	40.0	7.3	-	(1.4)	-	0.5	(0.4)	(0.3)	(10.4)	2.1	37.4
Contractual commitments	271.6	189.5	(189.0)	(0.6)	-	0.8	0.5	0.1	-	(0.2)	272.7
Provisions for work-in-progress and losses to completion on long-term contracts	132.4	19.3	-	-	-	2.4	(10.6)	(0.2)	(33.5)	4.7	114.5
Closure and post-closure costs	508.5	14.8	-	(1.8)	-	71.5	(146.8)	3.2	(46.8)	14.7	417.3
Restructuring provisions	0.7	-	-	(0.1)	-	-	-	-	(0.5)	-	0.1
Self-insurance provisions	98.8	24.2	-	(1.0)	-	3.5	-	-	(19.7)	-	105.8
Other provisions	-	42.3	-	(1.7)	-	0.1	(0.9)	(0.1)	(18.7)	(4.0)	17.0
Non-current provisions excl. pensions and other employee benefits	**1,123.6**	**332.1**	**(189.0)**	**(7.2)**	-	**79.0**	**(158.8)**	**2.3**	**(146.0)**	**17.2**	**1,053.2**
Provisions for pensions and other employee benefits	**670.2**	**41.8**	**(91.7)**	**(6.2)**	**91.6**	**24.7**	-	**(0.3)**	-	**9.6**	**739.7**
NON-CURRENT PROVISIONS	**1,793.8**	**373.9**	**(280.7)**	**(13.4)**	**91.6**	**103.7**	**(158.8)**	**2.0**	**(146.0)**	**26.8**	**1,792.9**

Recap: Movements in current provisions during 2012 are as follows:

(€ million)	As of December 31, 2011, re-presented	Charge	Utilization	Reversal	Changes in consolidation scope	Foreign exchange translation	Non-current / current reclassification	Other	As of December 31, 2012, re-presented
Tax litigation	69.5	13.1	(37.9)	(21.5)	1.3	(0.7)	16.0	3.9	43.7
Employee litigation	18.8	9.4	(8.5)	(1.1)	-	-	0.4	3.1	22.1
Other litigation	76.5	48.6	(29.6)	(14.5)	(0.4)	(0.5)	10.4	(4.0)	86.5
Provisions for work-in-progress and losses to completion on long-term contracts	30.2	36.4	(27.9)	(23.5)	(1.9)	(0.3)	33.5	21.1	67.6
Closure and post-closure costs	79.9	8.4	(55.9)	(3.3)	(15.3)	1.0	46.8	15.0	76.6
Restructuring provisions	14.3	26.1	(5.5)	(10.0)	-	(0.1)	0.5	-	25.3
Self-insurance provisions	85.4	60.1	(75.6)	(12.5)	(23.5)	0.2	19.7	(0.3)	53.5
Other provisions	159.0	44.6	(65.0)	(19.7)	9.4	0.2	18.7	(55.8)	91.4
CURRENT PROVISIONS	**533.6**	**246.7**	**(305.9)**	**(106.1)**	**(30.4)**	**(0.2)**	**146.0**	**(17.0)**	**466.7**

Note 18 Non-current and current borrowings

	As of December 31,								
	Non-current			Current			Total		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
Bond issues	**8,953.6**	**10,821.2**	**13,027.9**	**594.6**	**829.5**	**686.0**	**9,548.2**	**11,650.7**	**13,713.9**
• maturing in < 1 year	-	-	-	594.6	829.5	686.0	594.6	829.5	686.0
• maturing in 2-3 years	1,492.6	1,874.8	2,375.6	-	-	-	1,492.6	1,874.8	2,375.6
• maturing in 4-5 years	1,919.2	1,805.8	2,122.3	-	-	-	1,919.2	1,805.8	2,122.3
• maturing in > 5 years	5,541.8	7,140.6	8,530.0	-	-	-	5,541.8	7,140.6	8,530.0
Other borrowings	**543.2**	**1,310.1**	**1,185.4**	**2,318.2**	**2,776.6**	**3,067.2**	**2,861.4**	**4,086.7**	**4,252.6**
• maturing in < 1 year	-	-	-	2,318.2	2,776.6	3,067.2	2,318.2	2,776.6	3,067.2
• maturing in 2-3 years	211.3	747.5	618.7	-	-	-	211.3	747.5	618.7
• maturing in 4-5 years	114.3	177.8	191.6	-	-	-	114.3	177.8	191,6
• maturing in > 5 years	217.6	384.8	375.1	-	-	-	217.6	384.8	375.1
TOTAL NON-CURRENT AND CURRENT BORROWINGS	**9,496.8**	**12,131.3**	**14,213.3**	**2,912.8**	**3,606.1**	**3,753.2**	**12,409.6**	**15,737.4**	**17,966.5**

The heading “Net increase/decrease in current borrowings” in the Consolidated Cash Flow Statement includes redemptions of current bonds in the amount of -€773.0 million in 2013 and increases and repayments of other current borrowings of -€664.6 million. This heading does not include accrued interest payable of -€48.6 million in 2013, presented on the line “Interest paid” in the Consolidated Cash Flow Statement.

The heading “New non-current borrowings and other debts” in the Consolidated Cash Flow Statement includes non-current bond issues in the amount of €6.0 million in 2013 and new other non-current borrowings of €176.1 million. However, it excludes new finance lease obligations of €18.1 million in 2013, presented in investment flows.

The heading “Principal payments on non-current borrowings and other debts” in the Consolidated Cash Flow Statement includes redemptions of non-current bonds in the amount of -€1,160.9 million in 2013 and principal payments on other non-current borrowings of -€416.2 million.

18.1 Movements in non-current and current bond issues

Movements in non-current and current bond issues during **2013** are as follows:

(€ million)	As of December 31, 2012, re-presented	Increases/ subscriptions	Repayments	Changes in consolidation scope	Fair value adjustments [1]	Foreign exchange translation	Non-current/ current reclassification	Other	As of December 31, 2013
Non-current bonds	10,821.2	6.0	(1,160.9)	5.1	(53.7)	(65.2)	(598.7)	(0.2)	8,953.6
Current bonds	829.5	-	(773.0)	5.7	(5.7)	(60.6)	598.7	-	594.6
TOTAL BONDS	**11,650.7**	**6.0**	**(1,933.9)**	**10.8**	**(59.4)**	**(125.8)**	**-**	**(0.2)**	**9,548.2**

[1] *Fair value adjustments are recorded in financial income and expenses.*

Non-current borrowings are recorded as financial liabilities at amortized cost for accounting purposes. Hedging transactions were entered into in respect of certain fixed-rate borrowings. Fair value hedge accounting was applied to these transactions.

Repayments mainly comprise:

- The amortization of the euro-bond line maturing in May 2013 in the amount of €432 million and the US dollar bond line maturing in June 2013 in the amount of USD 490 million;
- Buybacks performed at the beginning of June 2013 on euro-denominated bond lines maturing in 2014, 2016, 2017, 2018 and 2020 and on the USD-denominated bond line maturing in 2018 in a total euro-equivalent nominal amount of €699 million;
- Buybacks performed mid-December 2013 on euro-denominated bonds lines maturing in 2014, 2016, 2017, 2018, 2020 and 2022 and on the USD-denominated bond line maturing in 2018 in a total euro-equivalent nominal amount of €346 million.

Non-current/current reclassifications mainly concern the transfer to current bond issues of the European public issue maturing in April 2014 (€578.4 million).

Changes in consolidation scope concern the full consolidation of Proactiva Medio Ambiente in the amount of €10.8 million (see Note 3.3).

Non-current bonds break down by maturity as follows:

(€ million)	As of December 31, 2011, re-presented	As of December 31, 2012, re-presented	As of December 31, 2013	Maturing in 2 to 3 years	Maturing in 4 to 5 years	Maturing in > 5 years
Publicly offered or traded issuances [(a)]	12,264.2	10,645.6	8,792.5	1,465.4	1,883.8	5,443.3
European market [(i)]	10,940.1	9,859.5	8,137.6	1,465.4	1,546.0	5,126.2
U.S. market [(ii)]	1,324.1	786.1	654.9	-	337.8	317.1
Private placements [(b)]	338.8	-	-	-	-	-
Three Valleys bond issue [(c)]	235.5	-	-	-	-	-
Stirling Water Seafield Finance bond issue [(d)]	89.2	87.2	81.1	9.4	10.8	60.9
Other amounts < €50 million in 2013	100.2	88.4	80.0	17.8	24.6	37.6
NON-CURRENT BOND ISSUES	**13,027.9**	**10,821.2**	**8,953.6**	**1,492.6**	**1,919.2**	**5,541.8**

(a) *Publicly offered or traded issuances.*

(i) *European market: As of December 31, 2013, an amount of €8,716.0 million is recorded in the Consolidated Statement of Financial Position in respect of bonds issued under the European Medium Term Notes (EMTN) Program, including €8,137.6 million maturing in more than one year. The impact of the fair value remeasurement of hedged interest rate risk is €99.4 million at the year-end (non-current portion).*

(ii) *U.S. market: As of December 31, 2013, nominal outstandings on the bond issues performed in the United States on May 27, 2008 total €602.0 million (euro equivalent), fully maturing in more than one year. These fixed-rate bond issues total USD 0.8 billion and comprise two tranches (Tranche 1 of USD 490 million, bearing fixed-rate interest of 5.25% matured on June 3, 2013):*

- *Tranche 2, maturing June 1, 2018, of USD 430 million, bearing fixed-rate interest of 6%, after partial buybacks in 2012 and 2013,*
- *Tranche 3, maturing June 1, 2038, of USD 400 million, bearing fixed-rate interest of 6.75%;*

(b) *Private placements: the private placements were redeemed early on February 2, 2012 in the amount of €350 million (euro-equivalent)*

(c) *VW Central (formerly Three Valleys) bond issue: the £200 million bond issue performed by VW Central in the U.K. (Water Division) in July 2004, bearing interest of 5.875%, was removed from the accounts following the divestiture of regulated Water activities in the United Kingdom.*

(d) *Stirling Water Seafield Finance bond issue: the outstanding balance as of December 31, 2013 on the amortizable bond issue performed in 1999 by Stirling Water Seafield Finance (Veolia Water UK subsidiary, Water Division), is £71.2 million. This bond issue is recognized at amortized cost for a euro equivalent of €81.1 million as of December 31, 2013 (non-current portion). This bond matures on September 26, 2026.*

Breakdown of **non-current bond issues** by component:

Transaction *(all amounts are in € million)*	**Final maturity**	**Currency**	**Nominal**	**Interest rate**	**Net carrying amount**
Series 11	05/28/2018	EUR	472	5.375 %	535
Series 12	11/25/2033	EUR	700	6.125 %	695
Series 15	06/17/2015	EUR	875	1.75 % (indexed to European inflation)	1,024
Series 17	02/12/2016	EUR	422	4.000 %	442
Series 18	12/11/2020	EUR	431	4.375 %	480
Series 21	01/16/2017	EUR	616	4.375 %	692
Series 23	05/24/2022	EUR	850	5.125 %	910
Series 24	10/29/2037	GBP	780	6.125 %	792
Series 26	04/24/2019	EUR	750	6.750 %	794
Series 27	06/29/2017	EUR	250	5.700 %	260
Series 28 (PEO)	01/06/2021	EUR	834	4.247 %	784
Series 29 (PEO)	03/30/2027	EUR	750	4.625 %	671
Series 30	06/26/2017	CNY	60	4.500 %	59
Total bond issues (EMTN)	**n/a**	**n/a**	**7,790**	**n/a**	**8,138**
USD Series Tranche 2	06/01/2018	USD	312	6.000 %	338
USD Series Tranche 3	06/01/2038	USD	290	6.750 %	317
Total publicly offered or traded issuances in USD	**n/a**	**n/a**	**602**		**655**
Stirling Water Seafield Finance bond issue	09/26/2026	GBP	85	5.822 %	81
Total principle bond issues	**n/a**	**n/a**	**8,477**	**n/a**	**8,874**
Total other bond issues	**n/a**	**n/a**		**n/a**	**80**
TOTAL NON-CURRENT BOND ISSUES	**n/a**	**n/a**		**n/a**	**8,954**

Recap: Movements in non-current and current bond issues during **2012** are as follows:

(€ million)	**As of December 31, 2011, re-presented**	**Increases/ subscriptions**	**Repayments**	**Changes in consolidation scope**	**Fair value adjustments** [(1)]	**Foreign exchange translation**	**Non-current/ current reclassification**	**Other**	**As of December 31, 2012, re-presented**
Non-current bond issues	13,027.9	732.8	(1,573.7)	(246.4)	(390.3)	106.9	(836.0)	-	10,821.2
Current bonds	686.0	-	(692.3)	-	(0.4)	0.2	836.0	-	829.5
TOTAL BONDS	**13,713.9**	**732.8**	**(2,266.0)**	**(246.4)**	**(390.7)**	**107.1**	**-**		**(11,650.7)**

(1) *Fair value adjustments are recorded in financial income and expenses.*

18.2 Movements in other borrowings

(€ million)	As of December 31, 2012, re-presented	Net movement	Changes in consolidation scope	Fair value adjustments (1)	Foreign exchange translation	Non-current / current reclassification	Transfers to Liabilities classified as held for sale	Other	As of December 31, 2013
Other non-current borrowings	1,310.1	(240.1)	(149.8)	-	(8.5)	(271.8)	(95.2)	(1.5)	**543.2**
Other current borrowings	2,776.6	(664.6)	(13.1)	-	(36.7)	271.8	(28.9)	13.1	**2,318.2**
OTHER BORROWINGS	**4,086.7**	**(904.7)**	**(162.9)**	**-**	**(45.2)**	**-**	**(124.1)**	**11.6**	**2,861.4**

The decrease in other **non-current borrowings** in **2013** breaks down as follows:

The **net movement** is mainly due to the repayment of the Polish zloty syndicated loan facility in April 2013 (€393 million euro-equivalent as of December 31, 2012).

Changes in consolidation scope mainly concern:

- The change in consolidation method of Proactiva Medio Ambiente, now fully consolidated (see Note 3.3), in the amount of +€49.8 million;
- The loss of control of Sharqiyah Desalinisation Company (see Note 3.3), now equity accounted, in the amount of -€86.6 million;
- The sale of the assets of the Energy Regulation Commission project, resulting in the removal of related borrowings in the amount of -€115.9 million;
- The divestiture of wind energy activities in the amount of -€3.5 million.

Transfers to Liabilities classified as held for sale mainly concern the transfer to “Liabilities directly associated with assets held for sale” of the other current borrowings of Dalkia France in the amount of -€132.9 million.

Breakdown of **other non-current borrowings** by main component:

(€ million)	As of December 31, 2011, re-presented	As of December 31, 2012, re-presented	As of December 31, 2013	Maturing in		
				2 to 3 years	4 to 5 years	> 5 years
Finance lease obligations [a]	367.9	317.4	192.4	71.4	33.7	87.3
Multi-currency syndicated loan facility [b]	307.3	392.7	-	-	-	-
Non-controlling interest put options (Note 1.14.5)	6.5	103.1	9.2	-	8.7	0.5
SHARQIYAH [c]	-	89.0	-	-	-	-
Other amounts < €70 million	503.7	407.9	341.6	139.9	71.9	129.8
OTHER NON-CURRENT BORROWINGS	**1,185.4**	**1,310.1**	**543.2**	**211.3**	**114.3**	**217.6**

[a] *Finance lease obligations: as of December 2013, finance lease obligations fall due between 2014 and 2095. Interest rates are fixed or floating (indexed to EONIA, euro T4M and euro TAM or their equivalent for financing in other currencies). The decrease between December 31, 2012 and 2013 is mainly due to the transfer of Dalkia France obligations to Liabilities directly associated with assets classified as held for sale.*

[b] *Multi-currency syndicated loan facility: this €4 billion multi-currency syndicated loan facility maturing in 2012 was refinanced early in April 2011 by two syndicated loan facilities: a 5-year €2.5 billion multi-currency loan facility and a 3-year €500 million loan facility available for drawdown in Polish zloty, Czech crown and Hungarian forint. Both facilities include two one-year extension options that were exercised and accepted in the vast majority in 2012 and 2013. As of December 31, 2013, the syndicated loan facility is not drawn.*

[c] *Sharqiyah: financing carried by Sharqiyah Desalination Company, fully consolidated from August 2, 2012, of €89.0 million as of December 31, 2012 and maturing in December 2028. This floating-rate financing is hedged 76% by a 6.10% fixed rate swap; the company is no longer consolidated as of December 31, 2013.*

Current borrowings are recorded as financial liabilities at amortized cost for accounting purposes.

Other current borrowings total €2,318.2 million as of December 31, 2013, compared with €2,776.6 million as of December 31, 2012 and €3,067.2 million as of December 31, 2011.

Net movements in other current borrowings in **2013** mainly reflect the decrease in treasury notes issued in the amount of €363 million and the change in cash and cash equivalents invested by equity-accounted entities with the Group financing holding companies.

Changes in consolidation scope mainly concern:

- The change in consolidation method of Proactiva Medio Ambiente, now fully consolidated (see Note 3.3), in the amount of +€116.4 million;
- The removal of TEC and TEV in Italy in the amount of -€88.0 million.

As of December 31, 2013, current borrowings mainly concern:

- Veolia Environnement SA for €1,820.3 million (including bond issues of €578.5 million, treasury notes of €580.7 million, accrued interest on debt of €232.6 million and cash and cash equivalents invested by equity-accounted entities with Group financing holding companies of €426.0 million);
- Certain subsidiaries in the amount of €382.1 million, including Proactiva Medio Ambiente borrowings of €113.0 million. The remaining balance mainly concerns cash invested by equity-accounted entities with other financing holding companies;
- The Water Division for €298.6 million;
- The Environmental Services Division for €124.3 million;
- The Energy Services Division for €287.5 million.

The current portion of Group finance lease obligations is €45.2 million as of December 31, 2013, compared with €62.9 million as of December 31, 2012 and €76.2 million as of December 31, 2011.

Recap: Movements in other borrowings during **2012** are as follows:

(€ million)	As of December 31, 2011, re-presented	Net movement	Changes in consolidation scope	Fair value adjustments [1]	Foreign exchange translation	Non-current / current reclassification	Transfers to Liabilities classified as held for sale	Other	As of December 31, 2012, re-presented
Other non-current borrowings	1,185.4	340.3	262.9	(2.5)	2.0	(214.2)	(278.8)	15.0	1,310.1
Other current borrowings	3,067.2	(401.0)	(99.9)	(2.1)	13.1	214.2	7.9	(22.8)	2,776.6
OTHER BORROWINGS	**4,252.6**	**(60.7)**	**163.0**	**(4.6)**	**15.1**	**-**	**(270.9)**	**(7.8)**	**4,086.7**

The decrease in other non-current borrowings in **2012** breaks down as follows:

Increases and repayments mainly concern draw-downs on project debt and on the Polish zloty syndicated loan facility and the change in cash and cash equivalents invested by equity-accounted entities with the Group financing holding companies.

Transfers to Liabilities classified as held for sale mainly concern the transfer to Liabilities directly associated with assets classified as held for sale of other borrowings held by Morocco Water in line with the reclassification to discontinued operations of these activities (€272.4 million).

Changes in consolidation scope mainly concern the divestiture of regulated Water activities in the United Kingdom.

18.3 Breakdown of non-current and current borrowings by currency

Borrowings are primarily denominated in euro, pound sterling, U.S. dollar, Chinese renminbi yuan and Polish zloty.

Borrowings break down by original currency (before currency swaps) as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Euro	10,046.9	12,336.8	14,220.5
Pound Sterling	939.2	999.5	1,274.1
U.S. Dollar	798.2	1,396.3	1,816.8
Polish zloty	197.7	640.3	311.2
Chinese renminbi yuan	172.7	178.5	110.4
Chilean peso	41.2	-	1.9
Israeli shekel	38.8	45.0	53.9
Brazilian real	31.2	1.0	5.6
Mexican peso	25.5	-	-
CFA franc BEAC	16.7	24.0	26.7
Columbian peso	15.7	-	-
Korean won	15.5	22.1	26.8
Hong Kong dollar	15.7	17.6	23.1
Hungarian forint	10.6	10.6	10.6
Czech Crown	3.8	11.4	52.3
Other < €10 million	40.2	54.3	32.6
NON-CURRENT AND CURRENT BORROWINGS	**12,409.6**	**15,737.4**	**17,966.5**

18.4 Finance leases

The Group uses finance leases to finance the purchase of certain operating property, plant and equipment and real estate assets recognized as assets in the Consolidated Statement of Financial Position.

Assets financed by **finance lease** break down by category as follows:

(€ million)	Property, plant and equipment, net	Concession intangible assets	Operating financial assets	Total
As of December 31, 2013	**96.1**	**38.8**	**105.3**	**240.2**
As of December 31, 2012, re-presented	93.6	86.8	177.4	357.8
As of December 31, 2011, re-presented	183.8	73.2	199.9	456.9

The decrease in assets financed by finance lease between December 31, 2011 and 2012 is mainly due to the divestiture of solid waste activities in the United States.

The decrease in assets financed by finance lease between December 31, 2012 and 2013 is mainly due to the transfer of Dalkia France assets to assets classified as held for sale.

As of December 31, 2013, future minimum lease payments under these contracts are as follows:

(€ million)	Finance leases
Less than 1 year	49.3
2 to 3 years	73.9
4 to 5 years	42.5
More than 5 years	140.5
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**306.2**
Less amounts representing interest	81.9
PRESENT VALUE OF MINIMUM LEASE PAYMENTS (FINANCE LEASES)	**224.3**

Contingent rent and sub-lease income for the period recorded in the Consolidated Income Statement is not material.

Note 19 Revenue

As for other Income Statement headings, Revenue does not include amounts relating to discontinued operations in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* (see Note 25).

The results of these activities are presented in a separate line, “Net income (loss) from discontinued operations”, for fiscal year 2013 and fiscal years 2012 and 2011 presented for comparison purposes (see Note 25).

Breakdown of Revenue (see Note 1.17)

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Services rendered	16,757.6	17,096.8	16,410.7
Sales of goods	1,858.7	2,019.1	2,141.3
Revenue from operating financial assets	175.9	184.4	188.4
Construction	3,522.6	3,938.6	3,742.0
REVENUE	**22,314.8**	**23,238.9**	**22,482.4**

Sales of goods mainly concern sales of technological solutions in the Water Division and sales of products relating to recycling activities in the Environmental Services Division.

The drop in construction revenue in 2013 is mainly due to the downturn in the Technologies and Networks business in the Water Division (see also Note 3.1).

A breakdown of revenue by operating segment is presented in Note 39.

Note 20 Operating income

Operating income is calculated as follows:

(€ million)	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011 re-presented
Revenue	**22,314.8**	**23,238.9**	**22,482.4**
Cost of sales	**(18,959.9)**	**(19,563.0)**	**(18,881.3)**
o/w:			
• impairment losses on goodwill, net of negative goodwill recognized in the Consolidated Income Statement	(168.4)	(64.8)	(246.0)
• impairment losses (excl. working capital) and provisions	(6.5)	(74.1)	(68.9)
• restructuring costs	(39.9)	(7.9)	2.9
• replacement costs	(403.5)	(417.6)	(421.2)
Selling costs	**(536.0)**	**(532.9)**	**(516.7)**
General and administrative expenses	**(2,441.9)**	**(2,537.0)**	**(2,568.5)**
o/w			
• Research and development costs	(81.9)	(101.4)	(108.6)
• Restructuring costs	(120.6)	(37.3)	(6.0)
Other operating revenue and expenses	**113.5**	**105.3**	**56.1**
o/w:			
• Capital gains (losses) on disposal of financial assets	113.5	106.1	56.3
• Other	-	(0.8)	(0.2)
OPERATING INCOME	**490.5**	**711.3**	**572.0**
Share of net income (loss) of equity-accounted entities	**178.7**	**(11.9)**	**(136.5)**
Operating income after share of net income (loss) of equity-accounted entities	**669.2**	**699.4**	**435.5**

Breakdown of capital gains and losses on disposal

(€ million)	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011 re-presented
Capital gains and losses on disposals of property, plant and equipment	37.7	13.4	15.6
Capital gains and losses on disposals of financial assets	113.5	106.1	56.3
Capital gains and losses on disposals recognized in operating income	**151.2**	**119.5**	**71.9**
Capital gains and losses on disposals recognized in financial income (loss)	**0.1**	**(0.3)**	**(2.4)**
Capital gains and losses on disposals of PP&E and financial assets	3.7	12.5	24.1
Capital gains and losses on disposals of discontinued operations	26.4	578.4	514.4
Capital gains and losses on disposals recognized in net income (loss) from discontinued operations	**30.1**	**590.9**	**538.5**
TOTAL CAPITAL GAINS AND LOSSES ON DISPOSALS IN THE CONSOLIDATED CASH FLOW STATEMENT	**181.4**	**710.1**	**608.0**

Capital gains and losses on disposals of financial assets recognized in operating income in 2013 mainly consist of:

- The capital gain on the divesture of the Water subsidiary in Portugal (€15.6 million);
- The capital gain on the deconsolidation without divestiture of Environmental Services activities in Italy (€77.7 million).

A breakdown of capital gains and losses on disposals of discontinued operations is provided in Note 24.

Breakdown of impairment losses

The main impairment losses recognized as of December 31, 2013 break down as follows:

- Impairment losses on goodwill in the amount of -€168.4 million, mainly concerning:
    - Environmental Services activities in Germany in the amount of -€150.0 million;
    - Environmental Services activities in Poland in the amount of -€17.9 million.
- Impairment losses (excluding WCR) and provisions recognized in cost of sales in the amount of -€6.5 million, mainly concerning:
    - The Environmental Services Division in the amount of +€13.4 million, including reversals of provisions for site rehabilitation in France in the amount of +€17.1 million and reversals of provisions for pensions in the United Kingdom in the amount of €8.4 million.
    - The "Other Segments" Division in the amount of -€16.4 million, including impairment of the Artelia I4-I12 financial receivable in Portugal in the amount of -€16.1 million, reflecting the worsening of the financial position of the client and the associated credit risk.

The main impairment losses recognized as of December 31, 2012 break down as follows:

- Impairment losses on goodwill in the amount of -€64.8 million, mainly concerning:
    - Group non-regulated activities in the United Kingdom in the Water Division in the amount of -€51.9 million;
    - Environmental Services Division activities in Estonia and Lithuania in the amount of -€13.2 million;
- Impairment losses and provisions recognized in cost of sales in the amount of -€74.1 million, mainly concerning:
    - The Environmental Services Division in the amount of -€73.2 million, including the impairment loss on Marine Services assets in the amount of -€36.7 million;
    - The Water Division in the amount of -€21.1 million, relating to the hedging of risks on contractual items.

As of December 31, 2011, impairment losses on goodwill and impairment losses and provisions recognized in cost of sales mainly concern:

- The Environmental Services Division in the amount of -€192.0 million, including -€75.8 million on the goodwill of Environmental Services activities in Italy;
- The Energy Services Division in the amount of -€153.1 million on goodwill of Energy Services activities in the United States.

Breakdown of operating depreciation, amortization, provisions and impairment losses

Operating depreciation, amortization, provisions and impairment losses included in operating income in **2013** break down as follows:

(€ million)	Charge	Reversal	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS, NET					
Depreciation and amortization	**(1,220.7)**	**0.9**	**(1,219.8)**	**(1,173.9)**	**(1,102.9)**
Property, plant and equipment	(736.8)	0.9	(735.9)	(740.4)	(719.3)
Intangible assets	(483.9)	-	(483.9)	(433.5)	(383.6)
Impairment losses	**(201.4)**	**122.9**	**(78.5)**	**(129.6)**	**(199.4)**
Property, plant and equipment	(31.9)	7.9	(24.0)	(63.3)	(63.1)
Intangible assets and operating financial assets	(38.3)	19.6	(18.7)	(34.7)	(135.8)
Inventories	(10.4)	14.5	4.1	(5.4)	6.9
Trade receivables	(114.6)	78.2	(36.4)	(20.4)	(6.7)
Other operating and non-operating receivables	(6.2)	2.7	(3.5)	(5.8)	(0.7)
Non-current and current operating provisions	**(595.8)**	**585.6**	**(10.2)**	**29.0**	**121.0**
Non-current operating provisions	(412.6)	324.6	(88.0)	(88.2)	(29.6)
Current operating provisions	(183.2)	261.0	77.8	117.2	150.6
IMPAIRMENT LOSSES AND IMPACT OF DISPOSALS ON GOODWILL AND NEGATIVE GOODWILL RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	**(168.4)**	**-**	**(168.4)**	**(64.8)**	**(246.0)**
OPERATING DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT LOSSES	**(2,186.3)**	**709.4**	**(1,476.9)**	**(1,339.3)**	**(1,427.3)**

Operating depreciation, amortization, charges to provisions and impairment losses in the Consolidated Cash Flow Statement include operating depreciation, amortization, provisions and impairment losses transferred to Net income from discontinued operations in the amount of -€65.9 million in 2013, -€165.1 million in 2012 and -€189.3 million in 2011.

Impairment losses on inventories and receivables are recorded in changes in working capital in the Consolidated Cash Flow Statement.

Restructuring costs

(€ million)	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
Restructuring costs	(77.6)	(35.1)	-
Net charge to restructuring provisions	(85.0)	(10.6)	(4.1)
RESTRUCTURING COSTS	**(162.6)**	**(45.7)**	**(4.1)**

In 2013, restructuring costs are included in cost of sales in the amount of €39.9 million, selling costs in the amount of €2.1 million and general and administrative expenses in the amount of €120.6 million.

Restructuring costs included in operating income in 2013 primarily concern the Water Division in the amount of €125.6 million and mainly include the cost of voluntary redundancy plans in France.

At the end of 2013, Executive Management of the Water Division in France announced a reorganization of Water activities in France. This reorganization was outlined to the Board of Directors of VE SA on December 11, 2013 and the accompanying measures and departments concerned were presented to the Central Works Council on December 20, 2013.

The Group recognized a restructuring provision of €97 million in respect of this plan as of December 31, 2013 (including €14 million in cost of sales and €83 million in general and administrative expenses).

In 2012, restructuring costs primarily concerned the “Other” segment in the amount of €14.5 million and mainly included the cost of voluntary redundancy plans in the Group holding companies.

Personnel costs

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Employee costs	(6,447.0)	(6,667.1)	(6,460.0)
Profit-sharing and incentive schemes	(122.8)	(138.2)	(152.3)
Share-based compensation (IFRS 2)	-	1.0	(1.5)
PERSONNEL COSTS	**(6,569.8)**	**(6,804.3)**	**(6,613.8)**

Research and development costs

Research and developments costs totaled €81.9 million, €101.4 million and €108.6 million in fiscal years 2013, 2012 and 2011 respectively.

Note 21 Net finance costs

The income and expense balances making up net finance costs are as follows:

(€ million)	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
Finance income	46.4	71.8	102.0
Finance costs	(622.6)	(716.0)	(694.1)
NET FINANCE COSTS	**(576.2)**	**(644.2)**	**(592.1)**

Finance costs and finance income represent the cost of borrowings net of cash and cash equivalents. In addition, net finance costs include net gains and losses on derivatives allocated to borrowings, irrespective of whether they qualify for hedge accounting.

Net finance costs total €576.2 million in 2013, compared with €644.2 million in 2012.

Net finance costs presented in the Consolidated Cash Flow Statement reflect the net finance costs of continuing operations presented above and the net finance costs of discontinued operations of €23.4 million in 2013.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the net finance costs of continuing and discontinued operations adjusted for accrued interest of €48.6 million and fair value adjustments to hedging derivatives of -€44.9 million in 2013.

The decrease in net finance costs between 2012 and 2013 is mainly due to the decrease in expenses relating to partial buybacks of bond issues performed in 2012 and 2013, the redemption of the bond line maturing in May 2013 in the amount of €432 million (4.875%) and the US dollar bond line maturing in June 2013 in the amount of USD 490 million (5.25%) and the repayment of Polish zloty amounts drawn on the multi-currency syndicated loan facility in April 2013 in the amount of €390 million (euro-equivalent) (see also Note 3.4.3).

(€ million)	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
Financial liabilities measured using the effective interest method	(593.9)	(733.8)	(792.1)
Commission on undrawn credit facilities	(8.6)	(9.4)	(10.0)
Expenses on gross debt	**(602.5)**	**(743.2)**	**(802.1)**
Assets at fair value through the Consolidated Income Statement (fair value option)*	**30.9**	**40.7**	**74.0**
Net gains and losses on derivative instruments, hedging relationships and other	**(4.6)**	**58.3**	**136.0**
NET FINANCE COSTS	**(576.2)**	**(644.2)**	**(592.1)**

* *Cash equivalents are valued at fair value through the Consolidated Income Statement.*

Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts for fiscal year 2013:

- Interest income on hedging relationships (fair value hedges and cash flow hedges) of €39.9 million, as a result of the fall in interest rates in fiscal year 2013;
- The unwinding of the discount on non–controlling interest put options in the amount of -€42.4 million.

In addition, the charge relating to the ineffective portion of net investment hedges and cash flow hedges was not material in 2013 or 2012.

Interest income on instruments measured using the effective interest method (including interest income recorded in operating income and in other financial income and expenses) totals €294.7 million in 2013, compared with €312.3 million in 2012 and €293.9 million in 2011.

Note 22 Other financial income and expenses

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Net gains and losses on loans and receivables	99.6	132.3	105.4
Net gains and losses on available-for-sale assets [(1)]	3.9	3.8	3.2
Assets and liabilities at fair value through the Consolidated Income Statement	0.2	(1.1)	-
Unwinding of the discount on provisions	(41.3)	(50.3)	(45.9)
Foreign exchange gains and losses	(5.8)	(23.2)	(1.3)
Other	(18.6)	(10.7)	(7.9)
OTHER FINANCIAL INCOME AND EXPENSES	**38.0**	**50.8**	**53.5**

[(1)] Including dividends received of €3.0 million in 2013, compared with €3.3 million in 2012 and €2.7 million in 2011.

Net gains and losses on loans and receivables include income from joint venture loans, including loans to Dalkia International of €88.9 million in 2013, €91.9 million in 2012 and €65.3 million in 2011 and loans to Transdev Group of €20.4 million in 2013, €25.3 million in 2012 and €26.0 million in 2011.

Note 23 Income tax expense

23.1 Analysis of the income tax expense

The income tax expense breaks down as follows:

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Current income tax (expense) income	**(167.5)**	**(225.9)**	**(192,8)**
France	(52.6)	(93.0)	(72.4)
Other countries	(114.9)	(132.9)	(120.4)
Deferred tax (expense) income	**39.2**	**173.0**	**(246.3)**
France	1.0	(3.7)	(73.2)
Other countries	38.2	176.7	(173.1)
TOTAL INCOME TAX EXPENSE	**(128.3)**	**(52.9)**	**(439.1)**

The income tax expense presented in the Consolidated Cash Flow Statement reflects the income tax expense of continuing operations presented above and the income tax expense of discontinued operations.

A number of French subsidiaries elected to form a consolidated tax group with Veolia Environnement as the head company (five-year agreement, renewed in 2011). Veolia Environnement is liable to the French treasury department for the full income tax charge, calculated based on the group tax return. Any tax savings are recognized at the level of Veolia Environnement SA.

The US tax group was reorganized in 2006. This reorganization is still being reviewed by the U.S. tax authorities (see Notes 13 and 33).

The Group bears a net income tax expense of €128.3 million in 2013, compared with €52.9 million in 2012, re-presented.

23.2 Effective tax rate

	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
Net income from continuing operations (a)	(48.8)	7.8	(1,013.1)
Share of net income (loss) of associates (b)	18.4	24.4	(25.9)
Share of net income (loss) of joint ventures (c)	160.3	(36.3)	(110.6)
Share of net income (loss) of other equity-accounted entities (d)	(51.5)	(45.3)	(470.9)
Income tax expense (e)	(128.3)	(52.9)	(439.1)
Net income from continuing operations before tax (f) = (a)-(b)-(c)-(d) – (e)	(47.7)	117.9	33.4
Effective tax rate (e) / (f)	**-268.97%**	**44.87%**	**1,314.67%**
Theoretical tax rate [1]	**34.43%**	**34.43%**	**34.43%**
Net impairment losses on goodwill not deductible for tax purposes	-86.79%	9.25%	253.29%
Differences in tax rate	35.43%	0.26%	-103.29%
Capital gains and losses on disposals	73.38%	-8.82%	-93.11%
Dividends [2]	-82.39%	23.75%	106.59%
Taxation without basis	-42.14%	3.65%	135.93%
Effect of tax projections	-270.23%	-46.06%	1,108.18%
Other permanent differences [2]	69.34%	28.41%	-128.15%
EFFECTIVE TAX RATE	**-268.97%**	**44.87%**	**1,314.67%**

(1) The tax rate indicated is the statutory tax rate in France excluding the exceptional contribution applicable in fiscal years 2011 to 2014.

(2) The main elements explaining the effective tax rate are as follows:
- impairment losses on goodwill not tax deductible;
- tax visibility, encompassing primarily tax consolidation gains and impairment losses on deferred tax assets.

Recap: the 2012 effective tax rate mainly reflects taxable dividends and various expenses not deductible for tax purposes, partially offset by the impact of adjustments to profit forecasts and changes in scope in the United States.

Recap: the 2011 effective tax rate was mainly due to:

- Net impairment losses on goodwill not deductible for tax purposes;
- The non-capitalization of Veolia Environnement tax group losses and the recognition of an impairment to reduce the amount of deferred tax assets to that of deferred tax liabilities;
- The estimated consequences of changes in the scope of the US tax group.

Note 24 Assets classified as held for sale, discontinued operations and divestitures

24.1 Assets / liabilities classified as held for sale

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are presented separately in the Group Consolidated Statement of Financial Position as follows:

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Assets classified as held for sale	4,698.9	1,276.0	460.0
Liabilities directly associated with assets classified as held for sale	2,882.3	895.9	237.9

As of December 31, 2013, Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale primarily concern:

- Water activities in Morocco;
- The activities of Dalkia France (see Note 3.2.2);
- Global urban lighting activities (Citelum).

The urban lighting activities reclassified to discontinued operations as of December 31, 2011 were retained in discontinued operations as of December 31, 2013, in view of progress with the divestiture process at the year end. Citelum assets and liabilities are recorded in the accounts as of December 31, 2013 at a fair value of €140 million (enterprise value), unchanged on December 31, 2012.

Water activities in Morocco, reclassified to discontinued operations as of December 31, 2012, were retained in discontinued operations as of December 31, 2013, in view of progress with sales agreement negotiations in the second half of 2013. The assets and liabilities of these operations are recorded in the accounts as of December 31, 2013 at a fair value of €123 million (enterprise value).

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale as of December 31, 2012 primarily concern Citelum, Marine Services in the Environmental Services Division, Water Division activities in Morocco and European wind energy activities.

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale as of December 31, 2011 primarily concern Citelum and Marine Services in the Environmental Services Division.

In 2013, the main asset and liability categories recorded in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by Division as follows:

(€ million)	Water	Energy Services	Environmental Services	Other	Total
Assets					
Non-current assets	467.1	1,967.8	34.1	-	2,469.0
Current assets	215.5	1,920.2	6.9	-	2,142.6
Cash and cash equivalents	8.0	79.3	-	-	87.3
ASSETS CLASSIFIED AS HELD FOR SALE	**690.6**	**3,967.3**	**41.0**	**-**	**4,698.9**
Liabilities					
Non-current liabilities	257.3	485.9	3.0	-	746.2
Current liabilities	354.3	1,779.4	2.4	-	2,136.1
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**611.6**	**2,265.3**	**5.4**	**-**	**2,882.3**

In 2012, the main asset and liability categories recorded in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by Division as follows:

(€ million)	Water	Energy Services	Environmental Services	Other	Total
Assets					
Non-current assets	476.8	123.4	57.2	7.5	664.9
Current assets	192.1	270.9	20.5	9.7	493.2
Cash and cash equivalents	26.0	23.8	-	68.1	117.9
ASSETS CLASSIFIED AS HELD FOR SALE	**694.9**	**418.1**	**77.7**	**85.3**	**1,276.0**
Liabilities					
Non-current liabilities	287.1	44.6	-	8.1	339.8
Current liabilities	320.6	223.5	6.3	5.7	556.1
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**607.7**	**268.1**	**6.3**	**13.8**	**895.9**

In 2011, the main asset and liability categories recorded in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by Division as follows:

(€ million)	Water	Energy Services	Environmental Services	Other	Total
Assets					
Non-current assets	-	91.4	89.2	-	180.6
Current assets	-	227.3	20.8	-	248.1
Cash and cash equivalents	-	31.3	-	-	31.3
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**350.0**	**110.0**	**-**	**460.0**
Liabilities					
Non-current liabilities	-	12.9	-	-	12.9
Current liabilities	-	172.3	52.7	-	225.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	-	**185.2**	**52.7**	**-**	**237.9**

24.2 Discontinued operations

In the Consolidated Income Statement presented for comparative purposes, the net income (loss) of operations divested or in the course of divestiture was reclassified to "Net income (loss) from discontinued operations". This concerns the following operations:

- Operations in the course of divestiture:
  - Global urban lighting activities (Citelum) ;
  - The Water activity in Morocco;
- Operations divested:
  - Norwegian activities in the Environmental Services Division, divested in March 2011;
  - The household assistance services business (Proxiserve), divested in December 2011;
  - Regulated Water activities in the United Kingdom, divested in June 2012;
  - Solid waste activities in the United States in the Environmental Services Division, divested in November 2012;
  - U.S. wind energy activities, divested in December 2012;
  - European wind energy activities, divested in February 2013;
  - The Group share of the net income of the Berlin Water associate to December 2, 2013.

Changes in **Net income (loss) from discontinued operations** are as follows:

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012, re-presented**	**Year ended December 31, 2011, re-presented**
Net income (loss) from discontinued operations	13.0	(3.8)	68.3
Capital gains and losses on disposal	18.4	508.5	514.4
Income tax expense	(4.1)	(72.9)	-
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**27.3**	**431.8**	**582.7**

Net income (loss) from discontinued operations for the year ended **December 31, 2013** breaks down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Net income (loss) from discontinued operations	26.0	(12.8)	-	(0.2)	13.0
Capital gains and losses on disposal (*)	7.1	(1.4)	16.5	(3.8)	18.4
Income tax expense	-	-	(4.1)	-	(4.1)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**33.1**	**(14.2)**	**12.4**	**(4.0)**	**27.3**

(*) including disposal costs on discontinued operations of €8.0 million in 2013

The main Consolidated Income Statement items for discontinued operations for the year ended **December 31, 2013** break down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Revenue	504.8	274.0	-	3.0	781.8
Operating income after share of net income (loss) of equity-accounted entities	34.6	(3.3)	-	0.5	31.8
Financial items	(5.9)	(10.5)	-	(1.0)	(17.4)
Income tax expense	(2.7)	1.0	-	0.3	(1.4)
Share of net income of associates					
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**26.0**	**(12.8)**	**-**	**(0.2)**	**13.0**

Net income (loss) from discontinued operations for the year ended **December 31, 2012** breaks down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Net income (loss) from discontinued operations	39.7	(66.1)	97.4	(74.8)	(3.8)
Capital gains and losses on disposal (*)	233.3	(2.5)	281.3	(3.6)	508.5
Income tax expense	-	-	(72.9)	-	(72.9)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**273.0**	**(68.6)**	**305.8**	**(78.4)**	**431.8**

(*) including disposal costs on discontinued operations of €69.9 million in 2012.

The main Consolidated Income Statement items for discontinued operations for the year ended **December 31, 2012** break down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Revenue	390.7	330.0	574.2	14.9	**1,309.8**
Operating income after share of net income (loss) of equity-accounted entities	43.6	(56.3)	140.4	(61.9)	**65.8**
Financial items	(9.1)	(4.8)	(11.2)	(19.2)	**(44.3)**
Income tax expense	5.2	(5.0)	(31.8)	6.3	**(25.3)**
Share of net income of associates	-	-	-	-	**-**
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**39.7**	**(66.1)**	**97.4**	**(74.8)**	**(3.8)**

Net income (loss) from discontinued operations for the year ended **December 31, 2011** breaks down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Net income (loss) from discontinued operations	88.6	(4.1)	43.0	(59.2)	68.3
Capital gains and losses on disposal	1.8	1.4	62.2	449.0	514.4
Income tax expense	-	-	-	-	-
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**90.4**	**(2.7)**	**105.2**	**389.8**	**582.7**

The main Consolidated Income Statement items for discontinued operations for the year ended **December 31, 2011** break down by Division as follows:

(€ million)	**Water**	**Energy Services**	**Environmental Services**	**Other**	**Total**
Revenue	460.7	409.6	587.5	985.7	**2,443.5**
Operating income after share of net income (loss) of equity-accounted entities	99.8	5.7	78.8	(44.8)	**139.5**
Financial items	(12.1)	(4.6)	(10.1)	(12.2)	**(39.0)**
Income tax expense	0.9	(5.2)	(25.7)	(2.2)	**(32.2)**
Share of net income of associates	-	-	-	-	**-**
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**88.6**	**(4.1)**	**43.0**	**(59.2)**	**68.3**

Note 25 Net income (loss) attributable to non-controlling interests

Net income attributable to non-controlling interests is €113.8 million for the year ended December 31, 2013, compared with €35.6 million for the year ended December 31, 2012 and €57.7 million for the year ended December 31, 2011.

The increase in net income attributable to non-controlling interests in the Energy Services Division between December 31, 2012 and 2013, mainly concerns the share of EDF minority interests (34%) in Dalkia 2013 net income, which was higher than in 2012 due to write-downs on receivables recognized in Italy in 2012.

Net income (loss) attributable to non-controlling interests breaks down by Division as follows:

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012**	**Year ended December 31, 2011**
Water [(a)]	68.9	57.4	77.4
Environmental Services	8.6	11.9	20.4
Energy Services [(b)]	36.0	(19.0)	(31.5)
Other	0.3	(14.7)	(8.6)
NON-CONTROLLING INTERESTS	**113.8**	**35.6**	**57.7**

(a) Including net income attributable to non-controlling interests in Germany (Stadtwerke de Braunschweig): €15.8 million in 2011, €14.4 million in 2012 and €7.6 million in 2013.

(b) Including EDF's share in Dalkia activities in France and abroad:-€38.9 million in 2011, -€20.0 million in 2012 and €30.5 million in 2013

Note 26 Earnings per share

Pursuant to IAS 33, the weighted average number of shares outstanding taken into account for the calculation of net income per share is adjusted for the distribution of scrip dividends during the year. The adjusted weighted average number of shares outstanding is 523.5 million (basic and diluted) in 2013, compared with 509.0 million shares in 2012.

Basic earnings per share is calculated by dividing adjusted net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year. Pursuant to IAS 33.9 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement.

Diluted earnings per share is calculated by dividing net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the fiscal year plus the weighted average number of ordinary shares that would be issued following the conversion into ordinary shares of all potentially dilutive ordinary shares.

Net income and the number of shares used to calculate basic and diluted earnings per share are presented below for all businesses.

	Year ended December 31, 2013	Year ended December 31, 2012, re-presented	Year ended December 31, 2011, re-presented
Weighted average number of ordinary shares *(in million)*	523.5	509.0	498.5
Weighted average number of ordinary shares for the calculation of basic earnings per share	523.5	509.0	498.5
Theoretical number of additional shares resulting from the exercise of share purchase and subscription options	0	0	0
Weighted average number of ordinary shares for the calculation of diluted earnings per share *(in million)*	**523.5**	**509.0**	**498.5**
Net income attributable to owners of the Company per share *(€ million)*			
Net income attributable to owners of the Company	(151.9)(*)	404.0	(488.1)
Net income attributable to owners of the Company per share:			
Basic	(0.29)	0.79	(0.99)
Diluted	(0.29)	0.79	(0.99)
Net income (loss) from discontinued operations attributable to owners of the Company per share *(€ million)*			
Net income (loss) from discontinued operations attributable to owners of the Company	15.5	479.0	590.3
Net income (loss) from discontinued operations attributable to owners of the Company per share:			
Basic	0.03	0.94	1.17
Diluted	0.03	0.94	1.17
Net income (loss) from continuing operations attributable to owners of the Company per share *(€ million)*			
Net income (loss) from continuing operations attributable to owners of the Company	(167.3)	(75.0)	(1,078.4)
Net income (loss) from continuing operations attributable to owners of the Company per share:			
Basic	(0.32)	(0.15)	(2.16)
Diluted	(0.32)	(0.15)	(2.16)

(*) *Pursuant to IAS 33.9 and 12, adjusted net income attributable to owners of the Company includes the cost of the coupon attributable to holders of the deeply subordinated securities issued by Veolia Environnement (-€16.6 million)*

The only potentially dilutive instruments recognized by Veolia Environnement are the share subscription and purchase options presented in Note 30.

Note 27 Additional information on the fair value of financial assets and liabilities (excluding derivatives)

27.1 Financial assets

The following tables present the net carrying amount and fair value of Group financial assets as of December 31, 2013, 2012 and 2011, grouped together in accordance with IFRS 7 categories. Fair values are determined in accordance with the principles set out in Note 1.26.

		As of December 31, 2013							
		Net carrying amount	Financial assets at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Available-for-sale assets	Loans and receivables	Assets designated at fair value through the Consolidated Income Statement	Total	Level 1	Level 2	Level 3
Non-consolidated investments	Note 10	40.5	40.5	-	-	40.5	-	40.5	-
Non-current and current operating financial assets	Note 11	1,796.0	-	1,796.0	-	1,905.4	-	1,905.4	-
Other non-current financial assets	Note 12	2,492.0	24.6	2,467.4	-	2,492.0	-	2,492.0	-
Trade receivables	Note 14	5,213.0	-	5,213.0	-	5,213.0	-	5,213.0	-
Other current operating receivables	Note 14	454.1	-	454.1	-	454.1	-	454.1	-
Other current financial assets	Note 12	628.0	4.9	623.1	-	628.0	-	628.0	-
Cash and cash equivalents	Note 15	4,274.4	-	-	4,274.4	4,274.4	3,046.2	1,228.2	-
TOTAL		**14,898.0**	**70.0**	**10,553.6**	**4,274.4**	**15,007.4**	**3,046.2**	**11,961.2**	

		As of December 31, 2012, re-presented							
		Net carrying amount	Financial assets at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Available-for-sale assets	Loans and receivables	Assets designated at fair value through the Consolidated Income Statement	TOTAL	Level 1	Level 2	Level 3
Non-consolidated investments	Note 10	47.0	47.0	-	-	47.0	3.6	43.4	-
Non-current and current operating financial assets	Note 11	2,382.9	-	2,382.9	-	2,614.0	-	2,614.0	-
Other non-current financial assets	Note 12	2,441.3	33.3	2,408.0		2,441.3		2,441.3	-
Trade receivables	Note 14	6,129.1	-	6,129.1	-	6,129.1	-	6,129.1	-
Other current operating receivables	Note 14	548.4	-	548.4	-	548.4	-	548.4	-
Other current financial assets	Note 12	1,488.6	2.4	1,486.2	-	1,488.6	-	1,488.6	-
Cash and cash equivalents	Note 15	4,998.0	-	-	4,998.0	4,998.0	4,171.0	827.0	-
TOTAL		**18,035.3**	**82.7**	**12,954.6**	**4,998.0**	**18,266.4**	**4,174.6**	**14,091.8**	**-**

Level 2 cash and cash equivalents mainly consist of negotiable debt instruments and term deposit accounts.

		As of December 31, 2011, re-presented							
		Net carrying amount	Financial assets at fair value			Fair value	Method for determining fair value		
(€ million)	**Note**	**Total**	**Available-for-sale assets**	**Loans and receivables**	**Assets designated at fair value through the Consolidated Income Statement**	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-consolidated investments	Note 10	65.4	65.4	-	-	65.4	2.8	62.6	-
Non-current and current operating financial assets	Note 11	2,256.7	-	2,256.7	-	2,311.9	-	2,311.9	-
Other non-current financial assets	Note 12	2,864.6	37.8	2,826.8		2,864.6		2,864.6	-
Trade receivables	Note 14	6,335.2	-	6,335.2	-	6,335.2	-	6,335.2	-
Other current operating receivables	Note 14	578.3	-	578.3	-	578.3	-	578.3	-
Other current financial assets	Note 12	978.9	3.5	975.4	-	978.9	-	978.9	-
Cash and cash equivalents	Note 15	5,025.4	-	-	5,025.4	5,025.4	2,747.2	2,278.2	-
TOTAL		**18,104.5**	**106.7**	**12,972.4**	**5,025.4**	**18,159.7**	**2,750.0**	**15,409.7**	**-**

27.2 Financial liabilities

The following tables present the net carrying amount and fair value of Group financial liabilities as of December 31, 2013, 2012 and 2011, grouped together in accordance with IFRS 7 categories.

Financial liability fair values are determined pursuant to the measurement principles presented in Note 1.26.

		As of December 31, 2013							
		Net carrying amount	Financial liabilities at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Liabilities at amortized cost	Liabilities at fair value through the Consolidated Income Statement	Liabilities at fair value through the Consolidated Income Statement and held for trading	Total	Level 1	Level 2	Level 3
Borrowings and other financial liabilities									
• non-current bonds	Note 18	8,953.6	8,953.6	-	-	9,932.2	9,846.7	85.5	-
• other non-current borrowings	Note 18	543.2	543.2	-	-	565.5	-	565.5	-
• current borrowings	Note 18	2,912.8	2,912.8	-	-	2,912.8	-	2,912.8	-
• bank overdrafts and other cash position items	Note 15	216.1	216.1	-	-	216.1	-	216.1	-
Trade payables	Note 14	3,196.3	3,196.3	-	-	3,196.3	-	3,196.3	-
Other operating payables	Note 14	3,460.1	3,460.1	-	-	3,460.1	-	3,460.1	-
TOTAL		**19,282.1**	**19,282.1**			**20,283.0**	**9,846.7**	**10,436.3**	**-**

		As of December 31, 2012, re-presented							
		Net carrying amount	**Financial liabilities at fair value**			**Fair value**	**Method for determining fair value**		
(€ million)	**Note**	**Total**	**Liabilities at amortized cost**	**Liabilities at fair value through the Consolidated Income Statement**	**Liabilities at fair value through the Consolidated Income Statement and held for trading**	**Total**	**Level 1**	**Level 2**	**Level 3**
Borrowings and other financial liabilities									
• non-current bonds	Note 18	10,821.2	10,821.2	-	-	12,136.9	12,044.9	92.0	-
• other non-current borrowings	Note 18	1,310.1	1,310.1	-	-	1,360.9	-	1,360.9	-
• current borrowings	Note 18	3,606.1	3,606.1	-	-	3,606.1	-	3,606.1	-
• bank overdrafts and other cash position items	Note 15	252.7	252.7	-	-	252.7	-	252.7	-
Trade payables	Note 14	3,997.7	3,997.7	-	-	3,997.7	-	3,997.7	
Other operating payables	Note 14	3,687.7	3,687.7	-	-	3,687.7	-	3,687.7	-
TOTAL		**23,675.5**	**23,675.5**	**-**	**-**	**25,042.0**	**12,044.9**	**12,997.1**	**-**

		As of December 31, 2011, re-presented							
		Net carrying amount	**Financial liabilities at fair value**			**Fair value**	**Method for determining fair value**		
(€ million)	**Note**	**Total**	**Liabilities at amortized cost**	**Liabilities at fair value through the Consolidated Income Statement**	**Liabilities at fair value through the Consolidated Income Statement and held for trading**	**Total**	**Level 1**	**Level 2**	**Level 3**
Borrowings and other financial liabilities									
• non-current bonds	Note 18	13,027.9	13,027.9	-	-	13,806.5	13,391.6	414.9	-
• other non-current borrowings	Note 18	1,185.4	1,185.4	-	-	1,195.0	-	1,195.0	-
• current borrowings	Note 18	3,753.2	3,753.2	-	-	3,753.2	-	3,753.2	
• bank overdrafts and other cash position items	Note 15	390.5	390.5	-	-	390.5	-	390.5	
Trade payables	Note 14	3,927.6	3,927.6			3,927.6		3,927.6	-
Other operating payables	Note 14	4,040.4	4,040.4			4,040.4		4,040.4	-
TOTAL		**26,325.0**	**26,325.0**			**27,113.2**	**13,391.6**	**13,721.6**	**-**

27.3 Offsetting of financial assets and liabilities

As of December 31, 2013, derivatives managed under ISDA or EFET agreements are the only financial assets and/or liabilities covered by a legally enforceable master netting agreement. These instruments may only be offset in the event of default by one of the parties to the agreement. They are not therefore offset in the accounts.

Such derivatives are recognized in assets in the amount of €319.0 million and in liabilities in the amount of €181.9 million in the Consolidated Statement of Financial Position as of December 31, 2013.

Note 28 Financial risk management

28.1 Group objectives and organization

The Group is exposed to the following financial risks in the course of its operating and financial activities:

- Market risks presented in Note 28.2:
    - Interest-rate risk, presented in Note 28.2.1 (interest-rate fair value hedges, cash flow hedges and derivatives not qualifying for hedge accounting);
    - Foreign exchange risk, presented in Note 28.2.2 (hedges of a net investment in a foreign operation, hedges of balance sheet foreign exchange exposure by derivatives not qualifying for hedge accounting, embedded derivatives, overall foreign exchange risk exposure);
    - Commodity risk, presented in Note 28.2.3 (fuel and electricity risks, greenhouse gas emission rights);
- Equity risk, presented in Note 28.3;
- Liquidity risk, presented in Note 28.4;
- Credit risk, presented in Note 28.5.

28.2 Market risk management

28.2.1 Management of interest rate risk

The financing structure of the Group exposes it naturally to the risk of interest rate fluctuations. As such, the cash and cash equivalents position covers floating-rate debt which impacts future financial results according to fluctuations in interest rates.

Short-term debt is primarily indexed to short-term indexes (Eonia for the treasury note program and Euribor/Libor for the main short-term credit lines). Medium and long-term debt comprises both fixed and floating-rate debt.

The Group manages a fixed/floating rate position in each currency in order to limit the impact of interest rate fluctuations on its net income and to optimize the cost of debt. For this purpose, it uses interest rate swap and swaption instruments.

These swaps may be classified as fair value hedges or cash flow hedges.

The following table shows the interest-rate exposure of gross debt (defined as the sum of non-current borrowings, current borrowings and bank overdrafts and other cash position items) before and after hedging.

	As of December 31, 2013		As of December 31, 2012, re-presented		As of December 31, 2011, re-presented	
(€ million)	**Outstandings**	**% total debt**	**Outstandings**	**% total debt**	**Outstandings**	**% total debt**
Fixed rate	8,857.2	71.1%	10,834.6	68.5%	13,265.2	74.9%
Floating rate	3,593.9	28.9%	4,985.1	31.5%	4,456.3	25.1%
Gross debt before hedging	**12,451.1**	**100.0%**	**15,819.7**	**100.0%**	**17,721.5**	**100.0%**
Fixed rate	5,801.6	46.0%	10,331.9	64.6%	8,726.0	47.5%
Floating rate	6,824.1	54.0%	5,658.2	35.4%	9,631.0	52.5%
Gross debt after hedging and fair value remeasurement of fixed-rate debt	**12,625.7**	**100.0%**	**15,990.1**	**100.0%**	**18,357.0**	**100.0%**
Fair value adjustments to (asset)/liability hedging derivatives	**(174.6)**		(170.4)		(635.5)	
GROSS DEBT AT AMORTIZED COST	**12,451.1**		**15,819.7**		**17,721.5**	

Total gross debt as of December 31, 2013 after hedging is 46% fixed-rate and 54% floating-rate. No caps are active as of December 31, 2012. Excluding inactive caps (€120 million), the fixed-rate portion of gross debt is 47% and the floating-rate portion is 53%.

As of December 31, 2013, the Group has cash and cash equivalents of €4,274.4 million, the majority of which bears interest at floating rates.

Net financial debt totals €8,176.7 million and is 69% fixed-rate and 31% floating-rate.

28.2.1.1 Sensitivity of the Consolidated Income Statement and equity

The Group manages its exposure to interest rate fluctuations based on floating-rate gross debt net of cash.

The breakdown of the Group's floating-rate debt by maturity as of December 31, 2013 is as follows:

(€ million)	**Overnight and less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Total assets (cash and cash equivalents)	4,274.4	-	-	4,274.4
Total floating-rate liabilities	(3,133.3)	(186.1)	(274.5)	(3,593.9)
Net floating-rate position before active hedging	**1,141.1**	**(186.1)**	**(274.5)**	**680.5**
Derivative instruments [(1)]	(0.1)	2,176.3	1,053.9	3,230.1
NET FLOATING-RATE POSITION AFTER ACTIVE MANAGEMENT AND HEDGING	**1,141.0**	**1,990.2**	**779.4**	**3,910.6**
(1) Financial instruments hedging debt excluding inactive caps of €120 million (euro equivalent)				

The analysis of the sensitivity of finance costs to interest rate risk covers financial assets and liabilities and the derivative portfolio as of December 31, 2013. Given the net debt structure of the Group and its derivative portfolio, a change in interest rates would impact the Consolidated Income Statement via the cost of floating-rate debt (after hedging), the fair value of trading derivatives and Group investments.

The analysis of the sensitivity of equity to interest rate risk concerns the cash flow hedge reserve. This sensitivity corresponds to fair market value movements as a result of an instantaneous change in interest rates.

Assuming a constant net debt structure and management policy, an increase in the fair value of the effective portion of derivatives designated as cash flow hedges, following a 0.5% increase in interest rates at the year end, would not have a material impact on fair value reserves in equity. The impact on floating-rate debt and floating-rate payer swaps on fixed-rate debt would decrease net income by €15.3 million. A decrease in interest rates of 0.5% would have the opposite impact on net income. All other variables have been assumed to be constant for the purpose of this analysis and the change in net income and equity is attributable to a uniform change in all floating interest rates to which the Group is exposed.

28.2.2 Management of foreign exchange risk

The Group's international activities generate significant foreign currency flows.

The Group's central treasury department manages foreign exchange risk centrally within limits set by the Chief Finance Officer.

Foreign exchange risk, as defined by IFRS 7, mainly results from:

a) Foreign currency-denominated purchases and sales of goods and services relating to operating activities and the related hedges (e.g. currency forwards). The Group has no significant exposure to foreign exchange transaction risk. The activities of the Group are performed by subsidiaries operating in their own country and their own currency. Exposure to foreign exchange risk is therefore naturally limited;

b) Foreign-currency denominated financial assets and liabilities including foreign currency-denominated loans/borrowings and related hedges (e.g. forex swaps). With many operations worldwide, Veolia organizes financing in local currencies. In the case of inter-company financing, these credit lines can generate foreign exchange risk. In order to limit the impact of this risk, Veolia Environnement has developed a policy which seeks to back foreign-currency financing and foreign currency derivatives with intercompany receivables denominated in the same currency. The asset exposure hedging strategy primarily involves hedging certain net foreign investments and ensuring that Group companies do not have a material balance sheet foreign exchange position that could generate significant volatility in foreign exchange gains and losses (see Note 28.1.2.2);

c) Investments in foreign subsidiaries reflected by the translation of accounts impacting the translation reserves (see Note 28.1.2.3).

28.2.2.1 Translation risk

Due to its international presence, the translation of the income statements of the Group's foreign subsidiaries is sensitive to exchange rate fluctuations.

The following table summarizes the sensitivity of certain Group Consolidated Income Statement aggregates to a 10% increase or decrease in foreign exchange rates against the euro, with regard to the translation of financial statements of foreign subsidiaries.

	Contribution to the consolidated financial statements									Sensitivity to an increase or decrease in currencies against the euro	
(€ million)	**EUR**	**GBP**	**USD**	**PLN**	**CZK**	**AUD**	**CNY**	**Other currencies**	**Total**	**+10%**	**-10%**
Revenue	14,098.5	1,932.6	1,703.0	81.2	627.3	919.2	260.9	2,692.1	**22,314.8**	(705.5)	862.2
Operating income	287.7	114.3	22.9	(14.9)	73.3	50.1	61.5	74.3	**669.2**	(31.2)	38.2

28.2.2.2 Foreign exchange risk with regard to the net finance cost

With many operations worldwide, Veolia organizes financing in local currencies.

The foreign currency debt borne by the parent company, Veolia Environnement SA, is generally hedged using either derivative instruments or assets in the same currency.

The following table shows the exposure to exchange rate fluctuations of the foreign currency net financial debt of the entities that bear the main foreign exchange risks. It also presents the sensitivity of these entities to a 10% increase or decrease in the parities of the corresponding foreign currencies.

	Net finance cost Currency exposure *(in millions of currency)*						Sensitivity to an increase or decrease in the 4 main currencies against the euro *(€ million)*	
	GBP	**USD**	**PLN**	**CNY**	**Other currencies** *(in euros)*	**Total euro equivalent**	**+10%**	**-10%**
Veolia Environnement SA	(34.3)	(63.6)	(38,5)	(23.7)	(424.6)	(524.6)	(11.1)	9.1
Other Group subsidiaries	(7.0)	(4.4)	0,1	(55.4)	(33.4)	(51.6)	(2.0)	1.7
Total in foreign currency	**(41.3)**	**(68.0)**	**(38,4)**	**(79.1)**	**(458.0)**	**(576.2)**		
TOTAL EURO EQUIVALENT	**(48.3)**	**(50.9)**	**(9,3)**	**(9.7)**	**(458.0)**(1)	**(576.2)**	**(13.1)**	**10.8**

(1) o/w -€405.4 million in euro

28.2.2.3 Foreign exchange and translation risk in the Consolidated Statement of Financial Position

Due to its international presence, the Group's Consolidated Statement of Financial Position is exposed to exchange rate fluctuations. A fluctuation in the euro impacts the translation of subsidiary foreign currency denominated assets in the Consolidated Statement of Financial Position. The main currencies concerned are the U.S. dollar and the pound sterling.

For its most significant assets, the Group has issued debt in the relevant currencies.

The following table shows the net asset amounts for the main currencies:

	Contribution to the consolidated financial statements					Sensitivity to an increase or decrease in the 2 main currencies against the euro	
(€ million)	**EUR**	**USD**	**GBP**	**Other currencies**	**Total**	**+10%**	**-10%**
Assets excluding net financial debt by currency	9,803	1,108	2,019	4,930	**17,860**	348	(284)
Net financial debt by currency after hedging	2,667	875	1,876	2,759	**8,177**	306	(250)
Net assets by currency	**7,136**	**233**	**143**	**2,171**	**9,683**	**42**	**(34)**

28.2.3 Management of commodity risk

Fuel or electricity prices can be subject to significant fluctuations. Nonetheless, Veolia Environnement's activities have not been materially affected and should not be materially affected in the future by cost increases or the availability of fuel or other commodities. The long-term contracts entered into by Veolia Environnement generally include price review and/or indexation clauses which enable it to pass on the majority of any increases in commodity or fuel prices to the price of services sold to customers, even if this may be performed with a time delay.

Nonetheless, as part of supply management and cost optimization measures or to hedge future production, certain Group subsidiaries may be required, depending on their activities, to contract forward purchases or sales of commodities (see Note 34) and set-up derivatives to fix the cost of commodities supply or the selling price of commodities produced (electricity).

28.2.3.1 Fuel risks

As part of its transportation activities, the Group uses firm fuel purchase contracts (classified as "for own use") and derivatives defined in line with forecast requirements. The majority of these derivatives are swaps used to set the forward purchase price of fuel. They are classified as hedging instruments pursuant to IAS 39 (cash flow hedges) (see Note 27).

28.2.3.2 Coal, gas and electricity risks

The Group has entered into long-term gas, coal, electricity and biomass purchase contracts in order to secure its supplies. The majority of these commitments are reciprocal; the third parties concerned are obliged to deliver the quantities indicated in these contracts and the Group is obliged to take them.

Conversely, as part of electricity sales activities on the wholesale market, the Group may be required to contract forward electricity sales contacts aimed at securing future production (with maturities not exceeding 3 years).

These purchase / sales contracts are generally recognized outside the scope of IAS 39 ("own use" exemption), except for certain specific transactions in gas, $C0_2$ and electricity. For these specific transactions, cash flow hedge accounting is systematically preferred. Certain electricity instruments in Germany do not however qualify for this classification (see Note 34 on off-balance sheet commitments and Note 29.3.1 on electricity derivatives).

28.3 Management of equity risk

As of December 31, 2013, Veolia Environnement holds 14,237,927 of its own shares, of which 8,389,059 are allocated to external growth operations and 5,848,868 were acquired for allocation to employees under employee savings plans, with a market value of €168.8 million, based on a share price of €11.855 and a net carrying amount of €442.5 million deducted from equity.

As part of its cash management strategy, Veolia Environnement holds UCITS. These UCITS have the characteristics of monetary UCITS and are not subject to equity risk.

The Group is also exposed to equity risk through the plan assets of certain of its pension plans (see Note 30, Employee benefit obligation).

28.4 Management of liquidity risk

The operational management of liquidity and financing is managed by the Treasury and Financing Department. This management involves the centralization of major financing in order to optimize liquidity and cash.

The Group secures financing on international bond markets, international private placement markets, the treasury note market and the bank lending market (see Note 19, Non-current and current borrowings).

28.4.1 Maturity of financial liabilities

As of December 31, 2013, **undiscounted contractual flows on net financial debt** (nominal value) break down by maturity date as follows:

	As of December 31, 2013		Maturity of undiscounted contractual flows					
(€ million)	**Gross carrying amount**	**Total undiscounted contractual flows**	**2014**	**2015**	**2016**	**2017**	**2018**	**More than 5 years**
Bond issues [1]	9,548.2	9,288.0	586.5	1,045.3	435.7	939.2	798.5	5,482.8
Treasury notes	580.7	580.7	580.7					
Finance lease obligations	237.6	218.5	45.2	25.3	22.3	14.9	14.6	96.2
Other borrowings	2,043.1	1,925.0	1,692.3	52.0	42.5	38.4	21.3	78.5
Bank overdrafts and other cash position items	216.1	216.1	216.1					
Gross borrowings excluding the impact of amortized cost and hedging derivatives	**12,625.7**	**12,228.3**	**3,120.8**	**1,122.6**	**500.5**	**992.5**	**834.4**	**5,657.5**
Impact of amortized cost and derivatives hedging debt	(174.6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gross borrowings	**12,451.1**	**12,228.3**	**3,120.8**	**1,222.6**	**500.5**	**992.5**	**834.4**	**5,657.5**
Cash and cash equivalents	(4,274.4)	(4,274.4)	(4,274.4)					
Net financial debt	**8,176.7**	**7,953.9**	**(1,153.6)**	**1,122.6**	**500.5**	**992.5**	**834.4**	**5,657.5**

(1) *Excluding the impact of amortized cost and derivatives hedging debt.*

As of December 31, 2013, the average maturity of net financial debt is 10.1 years, compared with 9.6 years as of December 31, 2012.

Most trade payables have a maturity of less than one year (see Note 14).

As of December 31, 2013, **undiscounted contractual interest flows** on outstanding borrowings break down by maturity date as follows:

	As of December 31, 2013	Maturity of undiscounted contractual flows					
(€ million)	**Total flows**	**2014**	**2015**	**2016**	**2017**	**2018**	**More than 5 years**
Undiscounted contractual interest flows on outstanding borrowings	**4,930.0**	**470.5**	**436.1**	**414.5**	**394.4**	**347.9**	**2,866.6**

As of December 31, 2013, **undiscounted contractual interest flows on derivative outstandings** recorded in liabilities and assets break down by maturity date as follows:

	As of December 31, 2013		Maturity of undiscounted contractual flows					
(€ million)	**Carrying amount**	**Total undiscounted contractual flows**	**2014**	**2015**	**2016**	**2017**	**2018**	**More than 5 years**
Interest-rate derivatives	**190.0**	**203.0**	**35.1**	**40.7**	**44.6**	**29.3**	**21.3**	**32.0**
Fair value hedges	166.8	232.8	48.3	47.9	46.3	30.2	22.2	37.9
Inflows	172.8	819.4	170.2	169.5	165.9	110.6	83.5	119.7
Outflows	(6.0)	(586.6)	(121.9)	(121.6)	(119.6)	(80.4)	(61.3)	(81.8)
Cash flow hedges	26.0	(20.5)	(12.4)	(6.5)	(0.9)	(0.1)	(0.1)	(0.5)
Inflows	58.4	27.3	18.4	8.6	0.2	-	-	0.1
Outflows	(32.4)	(47.8)	(30.8)	(15.1)	(1.1)	(0.1)	(0.1)	(0.6)
Derivatives not qualifying for hedge accounting	(2.8)	(9.3)	(0.8)	(0.7)	(0.8)	(0.8)	(0.8)	(5.4)
Inflows	4.4	7.6	1.0	1.0	0.9	0.9	0.9	2.9
Outflows	(7.2)	(16.9)	(1.8)	(1.7)	(1.7)	(1.7)	(1.7)	(8.3)
Foreign currency derivatives excluding net investment hedges	**(18.8)**	**15.7**	**11.9**	**1.8**	**1.7**	**0.3**	**-**	**-**
Fair value hedges	5.8	6.1	6.0	0.4	(0.3)	-	-	-
Inflows	9.9	397.9	267.5	101.7	21.7	0.2	6.8	-
Outflows	(4.1)	(391.8)	(261.5)	(101.3)	(22.0)	(0.2)	(6.8)	-
Cash flow hedges	4.5	3.7	0.5	1.2	1.7	0.3	-	-
Inflows	4.8	244.1	139.3	47.7	44.4	12.7	-	-
Outflows	(0.3)	(240.4)	(138.8)	(46.5)	(42.7)	(12.4)	-	-
Derivatives not qualifying for hedge accounting	(29.1)	5.9	5.4	0.2	0.3	-	-	-
Inflows	44.2	6,369.7	6,249.1	74.3	43.9	2.4	-	-
Outflows	(73.3)	(6,363.8)	(6,243.7)	(74.1)	(43.6)	(2.4)	-	-
Foreign currency derivatives hedging a net investment	**7.6**	**0.7**	**3.3**	**-**	**-**	**-**	**-**	**(2.6)**

In order to best reflect the economic reality of transactions, cash flows relating to derivatives recorded in assets and liabilities are presented net. Asset values are indicated as positive amounts and liabilities as negative amounts in the above table.

28.4.2 Net liquid asset positions

Net liquid assets of the Group as of December 31, 2013 break down as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Veolia Environnement:			
Undrawn MT syndicated loan facility	3,000.0	2,607.3	2,692.7
Undrawn MT bilateral credit lines	975.0	625.0	700.0
Undrawn ST bilateral credit lines	-	300.0	300.0
Letters of credit facility	350.2	473.7	483.0
Cash and cash equivalents	3,670.4	4,349.6	4,283.3
Subsidiaries:			
Cash and cash equivalents	604.0	648.4	742.2
Total liquid assets	**8,599.6**	**9,004.0**	**9,201.2**
Current debts and bank overdrafts and other cash position items			
Current debt	2,912.8	3,606.1	3,753.3
Bank overdrafts and other cash position items	216.1	252.7	390.5
Total current debt and bank overdrafts and other cash position items	**3,128.9**	**3,858.8**	**4,143.8**
TOTAL LIQUID ASSETS NET OF CURRENT DEBT AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS	**5,470.7**	**5,145.2**	**5,057.4**

As of December 31, 2013, Veolia Environnement had total liquid assets of €8.6 billion, including cash and cash equivalents of €4.3 billion.

As of December 31, 2013, cash equivalents were mainly held by Veolia Environnement SA in the amount of €3,652.3 million. They comprise monetary UCITS of €2,034.5 million, negotiable debt instruments (bank certificates of deposit, negotiable medium term notes and treasury notes with a maturity of less than three months) of €502.4 million and term deposit accounts of €1,115.4 million. These amounts include interest.

Veolia Environnement signed two syndicated loan facilities on April 7, 2011: a 5-year €2.5 billion multi-currency loan facility and a 3-year €500 million loan facility available for drawdown in Polish zloty, Czech crown and Hungarian forint (this facility has two one-year extension options that were exercised and accepted in the vast majority and is not drawn as of December 31, 2012).

Undrawn credit lines total €975 million as of December 31, 2013.

In the second quarter of 2013, Veolia Environnement reduced by USD 400 million the amount of the U.S. letters of credit facility signed on November 22, 2010, initially for an amount of USD 1.25 billion. As of December 31, 2013, the facility is drawn USD 367.0 million in the form of letters of credit. The portion that may be drawn in cash is USD 483.0 million (€350.2 million euro equivalent) and is recorded in the liquidity table above.

Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

Undrawn credit lines mature as follows:

	As of December 31, 2013	Maturity				
(€ million)	Total	2014	2015	2016	2017	2018
Undrawn syndicated loan facility	3,000.0	37.5	-	691.0	-	2,271.5
Undrawn credit lines	975.0	-	625.0	350.0	-	-
Letters of credit facility	350.2	-	350.2	-	-	-
TOTAL	**4,325.2**	**37.5**	**975.2**	**1,041.0**	**-**	**2,271.5**

28.4.3 Information on early debt repayment clauses

28.4.3.1 Veolia Environnement SA debt

The legal documentation for bank financing and bond issues contracted by the Company does not contain any financial covenants, i.e. obligations to comply with a debt coverage ratio or a minimum credit rating which, in the event of non-compliance, could lead to the early repayment of the relevant financing.

28.4.3.2 Subsidiary debt

Certain project financing or financing granted by multilateral development banks to the Group's subsidiaries contain financial covenants (as defined above).

Based on diligences performed within the subsidiaries, the Company considers that the covenants included in the documentation of material financing were satisfied (or had been waived by lenders) as of December 31, 2013.

28.5 Management of credit risk

The Group is exposed to counterparty risk in various areas: its operating activities, cash investment activities and derivatives.

28.5.1 Counterparty risk relating to operating activities

Credit risk must be considered separately with respect to operating financial assets and operating receivables. Credit risk on operating financial assets is appraised via the rating of primarily public customers. Credit risk on other operating receivables is appraised through an analysis of risk dilution and late payments for private customers and exceptionally, for public customers, by a credit analysis.

Group customer credit risk analysis may be broken down into the following four categories (Public customers - Delegating authority, Private customers - Individuals, Public customers - Other and Private customers - Companies):

		As of December 31, 2013			Breakdown by customer type			
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Public customers– Delegating authority	Private customers – Individuals	Public customers – Other	Private customers – Companies
Non-current and current operating financial assets	Note 11	1,825.5	(29.5)	1,796.0	1,378.8	-	20.9	396.3
Trade receivables	Note 14	5,702.0	(489.0)	5,213.0	753.1	1,212.8	1,043.3	2,203.8
Other current operating receivables	Note 14	491.4	(37.3)	454.1	30.6	48.9	61.4	313.2
Other non-current financial assets in loans and receivables	Note 12	2,533.4	(66.0)	2,467.4	44.3	27.5	3.2	2,392.4
Current financial assets in loans and receivables	Note 12	633.3	(10.2)	623.1	13.3	1.5	40.8	567.5
LOANS AND RECEIVABLES		**11,185.6**	**(632.0)**	**10,553.6**	**2,220.1**	**1,290.7**	**1,169.6**	**5,873.2**
Other non-current financial assets	Note 12	**50.6**	**(26.0)**	**24.6**	**0.4**	-	**0.6**	**23.6**
Other current financial assets	Note 12	**4.9**	-	**4.9**	**2.9**	**1.4**	-	**0.6**
TOTAL		**11,241.1**	**(658.0)**	**10,583.1**	**2,223.4**	**1,292.1**	**1,170.2**	**5,897.4**

The analysis of Group customer credit risk as of **December 31, 2012** is as follows:

		As of December 31, 2012, re-presented			Breakdown by customer type			
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Public customers – Delegating authority	Private customers – Individuals	Public customers – Other	Private customers – Companies
Non-current and current operating financial assets	Note 11	2,430.7	(47.8)	2,382.9	1,453.0	-	253.8	676.1
Trade receivables	Note 14	6,551.8	(422.7)	6,129.1	686.2	1,546.9	1,280.4	2,615.6
Other current operating receivables	Note 14	602.6	(54.2)	548.4	71.7	94.6	125.0	257.1
Other non-current financial assets in loans and receivables	Note 12	2,477.3	(69.3)	2,408.0	65.8	20.8	416.9	1,904.5
Current financial assets in loans and receivables	Note 12	1,511.7	(25.5)	1,486.2	28.6	26.9	33.3	1,397.4
LOANS AND RECEIVABLES		**13,574.1**	**(619.5)**	**12,954.6**	**2,305.3**	**1,689.2**	**2,109.4**	**6,850.7**
Other non-current financial assets	Note 12	55.2	(21.9)	33.3	0.3	1.8	0,9	30.3
Other current financial assets	Note 12	2.4	-	2.4		1.6	-	0.8
TOTAL		**13,631.7**	**(641.4)**	**12,990.3**	**2,305.6**	**1,692.6**	**2,110.3**	**6,881.8**

The analysis of Group customer credit risk as of **December 31, 2011** is as follows:

		As of December 31, 2011, re-presented			Breakdown by customer type			
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Public customers – Delegating authority	Private customers – Individuals	Public customers – Other	Private customers – Companies
Non-current and current operating financial assets	Note 11	2,304.4	(47.7)	2,256.7	1,474.4	-	104.0	678.3
Trade receivables	Note 14	6,770.5	(435.3)	6,335.2	795.9	1,513.6	1,554.8	2,470.9
Other current operating receivables	Note 14	626.2	(47.9)	578.3	84.1	129.1	84.7	280.4
Other non-current financial assets in loans and receivables	Note 12	2,896.6	(69.8)	2,826.8	58.8	6.6	421.9	2,339.5
Current financial assets in loans and receivables	Note 12	1,006.9	(31.5)	975.4	25.4	1.4	43.1	905.5
LOANS AND RECEIVABLES		**13,604.6**	**(632.2)**	**12,972.4**	**2,438.6**	**1,650.7**	**2,208.5**	**6,674.6**
Other non-current financial assets	Note 12	56.8	(19.0)	37.8	0.5	0.8	0.7	35.8
Other current financial assets	Note 12	3.6	(0.1)	3.5	-	2.2	-	1.3
TOTAL		**13,665.0**	**(651.3)**	**13,013.7**	**2,439.1**	**1,653.7**	**2,209.2**	**6,711.7**

Assets past due and not impaired break down as follows:

		As of December 31, 2013				Assets past due but not impaired		
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Assets not yet due	0-6 months	6 months – 1 year	More than 1 year
Non-current and current operating financial assets	Note 11	1,825.5	(29.5)	1,796.0	1,795.2	0.8	-	-
Trade receivables	Note 14	5,702.0	(489.0)	5,213.0	3,925.2	1,036.6	111.1	140.1
Other current operating receivables	Note 14	491.4	(37.3)	454.1	348.4	58.4	17.7	29.6
Other non-current financial assets in loans and receivables	Note 12	2,533.4	(66.0)	2,467.4	2,467.4	-	-	-
Current financial assets in loans and receivables	Note 12	633.3	(10.2)	623.1	599.8	2.0	-	21.3
LOANS AND RECEIVABLES		**11,185.6**	**(632.0)**	**10,553.6**	**9,136.0**	**1,097.8**	**128.8**	**191.0**
Other non-current financial assets	Note 12	**50.6**	**(26.0)**	**24.6**	**24.6**	-	-	-
Other current financial assets	Note 12	**4.9**	-	**4.9**	**1.4**	-	-	**3.5**

In France, net trade receivables past due over 6 months total €86.0 million at the end of 2013 (€123.5 million at the end of 2012), representing 2.9% of customer outstandings (including €43.9 million past due over one year). The majority of this balance concerns amounts invoiced on behalf of local authorities and public bodies, receivables on local authorities and public bodies and VAT.

Financial assets maturity schedules as of December 31, 2012 and 2011:

		As of December 31, 2012, re-presented				Assets past due but not impaired		
(€ million)	**Note**	**Gross carrying amount**	**Impairment losses**	**Net carrying amount**	**Assets not yet due**	**0-6 months**	**6 months – 1 year**	**More than 1 year**
Non-current and current operating financial assets	Note 11	2,430.7	(47.8)	2,382.9	2,355.8	21.0	4.2	1.9
Trade receivables	Note 14	6,551.8	(422.7)	6,129.1	4,744.3	1,136.8	104.3	143.7
Other current operating receivables	Note 14	602.6	(54.2)	548.4	373.5	85.2	27.4	62.3
Other non-current financial assets in loans and receivables	Note 12	2,477.3	(69.3)	2,408.0	2,408.0	-	-	-
Current financial assets in loans and receivables	Note 12	1,511.7	(25.5)	1,486.2	1,291.8	2.8	184.6	7.0
LOANS AND RECEIVABLES		**13,574.1**	**(619.5)**	**12,954.6**	**11,173.4**	**1,245.8**	**320.5**	**214.9**
Other non-current financial assets	Note 12	**55.2**	**(21.9)**	**33.3**	**33.3**	**-**	**-**	**-**
Other current financial assets	Note 12	**2.4**	**-**	**2.4**	**1.2**	**-**	**-**	**1.2**

		As of December 31, 2011, re-presented				Assets past due but not impaired		
(€ million)	**Note**	**Gross carrying amount**	**Impairment losses**	**Net carrying amount**	**Assets not yet due**	**0-6 months**	**6 months – 1 year**	**More than 1 year**
Non-current and current operating financial assets	Note 11	2,304.4	(47.7)	2,256.7	2,239.3	9.7	5.7	2.0
Trade receivables	Note 14	6,770.5	(435.3)	6,335.2	4,804.5	1,154.2	145.7	230.8
Other current operating receivables	Note 14	626.2	(47.9)	578.3	411.7	67.5	55.0	44.1
Other non-current financial assets in loans and receivables	Note 12	2,896.6	(69.8)	2,826.8	2,826.8	-	-	-
Current financial assets in loans and receivables	Note 12	1,006.9	(31.5)	975.4	955.5	16.5	1.9	1.5
LOANS AND RECEIVABLES		**13,604.6**	**(632.2)**	**12,972.4**	**11,237.8**	**1,247.9**	**208.3**	**278.4**
Other non-current financial assets	Note 12	**56.8**	**(19.0)**	**37.8**	**37.8**	-	-	-
Other current financial assets	Note 12	**3.6**	**(0.1)**	**3.5**	**3.4**	-	-	**0.1**

28.5.2 Counterparty risk relating to investment and hedging activities

The Group is exposed to credit risk relating to the investment of its surplus cash and its use of derivative instruments in order to manage interest rate and foreign exchange risk. Credit risk corresponds to the loss that the Group may incur should a counterparty default on its contractual obligations. In the case of derivative financial instruments, this risk corresponds to the fair value of all the instruments contracted with a counterparty insofar as this value is positive.

The Group minimizes counterparty risk through internal control procedures limiting the choice of banking counterparties to leading banks and financial institutions (banks and financial institutions with a minimum Moody's, Standard & Poor's or Fitch's rating of A1/P1/F1 respectively for transactions with a term of less than one year and of A2/A/A respectively for transactions with a term of more than one year, unless justified). Limits are determined for each counterparty based primarily on the rating awarded by the rating agencies, the size of their equity and commitments given to the Group and are reviewed monthly. In addition, new derivative transactions must only be entered into with counterparties with whom the Group has an ISDA or FBF framework agreement.

Counterparty risk on financial transactions is monitored on an ongoing basis by the middle-office. The Group is not exposed to any risk as a result of material concentration.

As of December 31, 2013, Veolia Environnement SA outstandings exposed to credit risk total €3,670.4 million with regard to investments and €205.2 million with regard to derivative instruments (sum of the fair values of assets and liabilities). These counterparties are investment grade for 100% of the total exposure.

Veolia Environnement SA cash surpluses (€3.7 billion as of December 31, 2013) are managed with a profitability objective close to that of the money market, avoiding exposure to capital risk and maintaining a low level of volatility.

They were injected into the following types of investment:

- Non-dynamic monetary UCITS (with the AMF Monetary classification of short-term monetary or monetary) for €2,034.5 million;
- Term deposit accounts classified as cash equivalents, mainly with leading French banks, with a short-term rating from Standard & Poor's, Moody's or Fitch of A1/P1/F1+, for €1,115.4 million;
- Monetary notes and certificates of deposit with a maturity of less than three months issued by leading French banks with a short-term rating from Standard & Poor's, Moody's or Fitch of A1/P1/F1 for €502.4 million.

Note 29 Derivatives

The Group uses derivatives to manage and reduce its exposure to fluctuations in interest rates, exchange rates and commodity prices (see Note 28, Financial Risk Management).

The fair value of derivatives in the Consolidated Statement of Financial Position breaks down as follows:

		As of December 31, 2013		As of December 31, 2012, re-presented		As of December 31, 2011, re-presented	
(€ million)	**Notes**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives	29.1	**235.6**	**45.6**	**272.1**	**97.6**	**713.9**	**70.5**
Fair value hedges		172.8	6.0	190.6	-	654.3	-
Cash flow hedges		58.4	32.4	75.6	84.6	56.6	49.7
Derivatives not qualifying for hedge accounting		4.4	7.2	5.9	13.0	3.0	20.8
Foreign currency derivatives	29.2	**73.9**	**85.1**	**45.4**	**114.1**	**44.2**	**119.4**
Net investment hedges		15.0	7.4	4.3	21.4	11.6	30.1
Fair value hedges		9.9	4.1	3.5	3.4	5.9	11.9
Cash flow hedges		4.8	0.3	2.5	1.3	0.6	1.7
Derivatives not qualifying for hedge accounting		44.2	73.3	35.1	88.0	26.1	75.7
Commodity derivatives	29.3	**9.5**	**51.2**	**7.9**	**48.7**	**36.5**	**51.9**
TOTAL DERIVATIVES		**319.0**	**181.9**	**325.4**	**260.4**	**794.6**	**241.8**
o/w non-current derivatives		**258.3**	**144.0**	**280.0**	**186.8**	**745.0**	**156.8**
o/w current derivatives		**60.7**	**37.9**	**45.4**	**73.6**	**49.6**	**85.0**

The fair value of derivatives recognized in the Consolidated Statement of Financial Position is determined (as described in Note 1.26) and breaks down as follows:

	As of December 31, 2013		Level 2 (%)		Level 3 (%)	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest-rate derivatives	235.6	45.6	100.0%	100.0%	-	-
Foreign currency derivatives	73.9	85.1	100.0%	100.0%	-	-
Commodity derivatives	9.5	51.2	33.4%	19.5%	66.6%	80.5%
TOTAL DERIVATIVES	**319.0**	**181.9**	**98.0%**	**77.4%**	**2.0%**	**22.6%**

Derivatives valued using internal models integrating certain non-observable data are primarily electricity derivatives (see Note 29.3.1) for which there are no quoted prices in an active market (mainly electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials), in particular for distant maturities. In such cases, data is estimated by Veolia Environnement experts.

(€ million)	As of December 31, 2012, re-presented		Level 2 (%)		Level 3 (%)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives	272.1	97.6	100.0%	100.0%	-	-
Foreign currency derivatives	45.4	114.1	100.0%	100.0%	-	-
Commodity derivatives	7.9	48.7	26.6%	37.6%	73.4%	62.4%
TOTAL DERIVATIVES	**325.4**	**260.4**	**98.2%**	**88.3%**	**1.8%**	**11.7%**

(€ million)	As of December 31, 2011, re-presented		Level 2 (%)		Level 3 (%)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives	713.9	70.5	100.0%	100.0%	-	-
Foreign currency derivatives	44.2	119.4	100.0%	100.0%	-	-
Commodity derivatives	36.5	51.9	55.1%	70.1%	44.9%	29.9%
TOTAL DERIVATIVES	**794.6**	**241.8**	**97.9%**	**93.6%**	**2.1%**	**6.4%**

29.1 Interest-rate derivatives

The fair value of interest rate derivatives recognized in the Consolidated Statement of Financial Position breaks down as follows:

		As of December 31, 2013		As of December 31, 2012, re-presented		As of December 31, 2011, re-presented	
(€ million)	Note	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives		**235.6**	**45.6**	**272.1**	**97.6**	**713.9**	**70.5**
Fair value hedges	29.1.1	172.8	6.0	190.6	-	654.3	-
Cash flow hedges	29.1.2	58.4	32.4	75.6	84.6	56.6	49.7
Derivatives not qualifying for hedge accounting	29.1.3	4.4	7.2	5.9	13.0	3.0	20.8

29.1.1 Fair value hedges

The risk of volatility in the value of debt is hedged by fixed–rate receiver/floating-rate payer swaps which change bond issues to floating-rate debt (see Notes 18 and 28).

Fair value hedging swaps represent a notional outstanding amount of €3,279.4 million as of December 31, 2013, compared with €1,472.5 million as of December 31, 2012, with a net fair value in the Consolidated Statement of Financial Position of €166.8 million, as follows:

Fixed-rate receiver / floating-rate payer swaps	**Notional contract amount by maturity**				**Fair value of derivatives**	
(€ million)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
As of December 31, 2013	**3,279.4**	**-**	**2,199.4**	**1,080.0**	**172.8**	**6.0**
As of December 31, 2012, re-presented	1,472.5	386.5	622.5	463.5	190.6	-
As of December 31, 2011, re-presented	5,582.3	200.0	2,679.2	2,703.1	654.3	-

The movement in the nominal value of the fair value hedging portfolio is mainly due to:

- The expiry at maturity of swaps hedging the USD EMTN issue maturing in June 2013 in the amount of €387 million;
- The set-up, for a total amount of €2,203 million, of swaps hedging the 2018, 2019, 2020 and 2021 euro EMTN issues and the 2018 US dollar EMTN issue;
- The impact of exchange rate fluctuations on the nominal amount of swaps denominated in pound sterling and U.S. dollar of -€9.0 million.

The change in the fair value of floating-rate payer swaps is mainly due to the increase in euro, pound sterling and USD dollar interest rates in 2013.

29.1.2 Cash flow hedges

Cash flow hedges comprise floating-rate receiver/fixed-rate payer swaps mainly on debt secured to finance BOT (Build, Operate, Transfer) contracts, to the extent the underlying assets generate fixed-rate flows.

Floating-rate receiver / fixed-rate payer swaps / purchase of caps	**Notional contract amount by maturity**				**Fair value of derivatives**	
(€ million)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
As of December 31, 2013	**899.6**	**0.1**	**895.7**	**3.8**	**58.4**	**32.4**
As of December 31, 2012, re-presented	1,884.0	8.3	1,800.8	74.9	75.6	84.6
As of December 31, 2011, re-presented	1,389.0	-	1,389.0	-	56.6	49.7

€24.1 million, net of tax, was recorded directly in equity attributable to owners of the Company in respect of cash flow hedge interest-rate derivatives as of December 31, 2013.

Contractual flows on interest rate swaps are paid at the same time as contractual flows on floating-rate borrowings and the amount recorded in other comprehensive income is released to net income in the period in which interest flows on the debt impact the Consolidated Income Statement.

The decrease in the cash-flow hedging portfolio between December 31, 2012 and 2013 is mainly due to the expiry at maturity or termination of transactions in the amount of €902 million.

The change in the fair value of fixed-rate payer swaps is mainly due to the early termination of swaps hedging the Polish-zloty-denominated syndicated loan facility and the change in consolidation method of the Oman subsidiary.

29.1.3 Interest-rate derivatives not qualifying for hedge accounting

A certain number of derivatives do not qualify as hedges under IAS 39. The Group does not, however, consider these transactions to be of a speculative nature and views them as necessary for the effective management of its exposure to interest rate risk.

	Notional amount as of December 31, 2013				Fair value of derivatives	
(€ million)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Fixed-rate receiver / floating-rate payer swaps	515.5	464.1	12.8	38.6	3.2	0.2
Floating-rate receiver / fixed-rate payer swaps	398.2	338.3	15.3	44.6	0.1	7.0
Floating-rate receiver / floating-rate payer swaps	-	-	-	-	-	-
Total firm financial instruments	**913.7**	**802.4**	**28.1**	**83.2**	**3.3**	**7.2**
Purchases of caps	119.9	119.9	-	-	1.1	-
Sales of caps	-	-	-	-	-	-
Sales of swaptions	-	-	-	-	-	-
Total optional financial instruments	119.9	119.9	-	-	1.1	-
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**1,033.6**	**922.3**	**28.1**	**83.2**	**4.4**	**7.2**

The variation in the portfolio of interest rate derivatives not qualifying for hedge accounting between 2013 and 2012 is mainly due to:

- Expiry at maturity of financial instruments of approximately €1,000 million, including short-term transactions hedging cash investments of €830 million;
- The set-up of new transactions hedging cash investments in the amount of €800 million.

Recap: the breakdown as of **December 31, 2012 and 2011** is as follows:

	Notional amount as of December 31, 2012				**Fair value of derivatives**	
(€ million)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Fixed-rate receiver / floating-rate payer swaps	674.9	624.9	30.7	19.3	5.9	-
Floating-rate receiver / fixed-rate payer swaps	425.9	332.7	44.7	48.5	-	13.0
Floating-rate receiver / floating-rate payer swaps	-	-	-	-	-	-
Total firm financial instruments	**1,100.8**	**957.6**	**75.4**	**67.8**	**5.9**	**13.0**
Purchases of vanilla and structured caps	122.5	-	122.5	-	-	-
Sales of caps	-	-	-	-	-	-
Sales of swaptions	-	-	-	-	-	-
Total optional financial instruments	**122.5**	**-**	**122.5**	**-**	**-**	**-**
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**1,223.3**	**957.6**	**197.9**	**67.8**	**5.9**	**13.0**

The decrease in the portfolio of interest rate derivatives not qualifying for hedge accounting between 2012 and 2011 is mainly due to:

- The early termination of the majority of the options portfolio held by Veolia Environnement SA and certain swaps not qualified as hedges, in the total amount of €1,420 million;
- Expiry at maturity of short-term financial instruments hedging cash investments of approximately €1,800 million;
- The set-up of new transactions in the amount of €878 million and primarily short-term swaps hedging cash investments in the amount of €830 million.

(€ million)	Notional amount as of December 31, 2011				Fair value of derivatives	
	Total	Less than 1 year	1 to 5 years	More than 5 years	Total assets	Total liabilities
Fixed-rate receiver / floating-rate payer swaps	246.0	209.6	36.4	-	0.9	-
Floating-rate receiver / fixed-rate payer swaps	1,740.8	1,593.5	97.5	49.8	-	10.3
Floating-rate receiver / floating-rate payer swaps	250.0	-	250.0	-	1.7	-
Total firm financial instruments	**2,236.8**	**1,803.1**	**383.9**	**49.8**	**2.6**	**10.3**
Purchases of vanilla and structured caps	1,290.2	300.0	990.2	-	0.4	10.5
Sales of caps	-	-	-	-	-	-
Sales of swaptions	-	-	-	-	-	-
Total optional financial instruments	**1,290.2**	**300.0**	**990.2**	**-**	**0.4**	**10.5**
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**3,527.0**	**2,103.1**	**1,374.1**	**49.8**	**3.0**	**20.8**

29.2 Foreign currency derivatives

The fair value of foreign currency derivatives recognized in the Consolidated Statement of Financial Position breaks down as follows:

(€ million)		As of December 31, 2013		As of December 31, 2012, re-presented		As of December 31, 2011, re-presented	
	Note	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FOREIGN CURRENCY DERIVATIVES		**73.9**	**85.1**	**45.4**	**114.1**	**44.2**	**119.4**
Net investment hedges	29.2.1	15.0	7.4	4.3	21.4	11.6	30.1
Fair value hedges	29.2.3	9.9	4.1	3.5	3.4	5.9	11.9
Cash flow hedges	29.2.3	4.8	0.3	2.5	1.3	0.6	1.7
Derivatives not qualifying for hedge accounting	29.2.4	44.2	37.2	35.1	46.9	26.1	51.4
Embedded derivatives		-	36.1	-	41.1	-	24.3

29.2.1 Hedge of a net investment in a foreign operation

Financial instruments designated as net investment hedges break down as follows:

Financial instrument	Notional amount as of December 31, 2013 by currency and maturity					Fair value of derivatives	
(€ million)	**Currency**	**Amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Currency payer swaps	AUD	59.7	59.7	-	-	1.0	-
	CNY	70.2	17.6	-	52.6	2.3	-
	CZK	183.5	183.5	-	-	-	0.2
	HKD	196.1	196.1	-	-	3.7	-
	JPY	56.9	56.9	-	-	1.4	-
	PLN	160.0	160.0	-	-	-	1.3
	Other	83.2	83.2	-	-	0.2	0.4
Tunnel options	AUD	74.9	74.9	-	-	0.7	0.4
Embedded derivatives (forward sale)	KRW	74.8	17.8	57.0	-	5.7	-
Cross currency swaps: fixed-rate payer / fixed-rate receiver	CNY	60.0	-	-	60.0	-	5.1
Total foreign currency derivatives		**1,019.3**	**849.7**	**57.0**	**112.6**	**15.0**	**7.4**
USD borrowings	USD	547.4	-	257.4	290.0	n/a	n/a
GBP borrowings	GBP	-	-	-	-	n/a	n/a
Syndicated loan facility	PLN	-	-	-	-	n/a	n/a
Total financing		**547.4**	**-**	**257.4**	**290.0**	**n/a**	**n/a**
TOTAL		**1,566.7**	**849.7**	**314.4**	**402.6**	**15.0**	**7.4**

The above currency swaps are short-term but are generally renewed at maturity, until financing of an appropriate term is secured in the currency of the related country.

Fair value movements compared with December 31, 2012 are mainly due to:

- The increase in the fair value of euro/Chinese renminbi yuan cross currency swaps for €12.9 million;
- The increase in the fair value of HKD, CNY and AUD currency swaps for €7.0 million.
- The increase in the fair value of the Korean won embedded derivative for €4.8 million.

Inter-company loans and receivables forming part of a foreign investment (IAS 21) are nearly systematically hedged by foreign currency external financing or foreign currency derivatives (cross currency swaps. currency forwards) meeting IAS 39 criteria for hedge accounting. Foreign exchange gains and losses recorded in foreign exchange translation reserves in respect of hedging instruments are systematically offset by foreign exchange gains and losses recognized in foreign exchange translation reserves on loans forming part of the net investment, unless:

- The inter-company loan forming part of the net investment in a foreign operation is not hedged;
- The hedge is partially ineffective due to a difference between the nominal amount of the hedge and the amount of the hedged net asset;
- Only the net assets of the foreign subsidiary (excluding the loan forming part of the net investment) are hedged.

Net foreign exchange gains recorded in Group foreign exchange translation reserves as of December 31, 2013 of €87.2 million mainly comprise:

- The impact of exchange rate fluctuations on hedges of Water Division investments, particularly in China, Hong Kong, Korea, the Czech Republic, Japan and the United States of €33.2 million;
- The impact of exchange rate fluctuations on hedges of Environmental Services Division investments in Australia of €24.4 million;
- The €24.9 million impact of exchange rate fluctuations on hedges of Veolia Environnement SA investments in the United States (€6.7 million) and the cancellation of deferred tax assets in the tax consolidation scope (€18.6 million).

Recap: the breakdown as of **December 31, 2012 and 2011** is as follows:

Financial instrument		**Notional amount as of December 31, 2012, re-presented by currency and maturity**				**Fair value of derivatives**	
(€ million)	**Currency**	**Amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Currency payer swaps	CZK	200.5	200.5	-	-	0.4	-
	SEK	63.1	63.1	-	-	-	0.2
	HKD	255.3	255.3	-	-	1.0	0.7
	HUF	38.2	38.2	-	-	-	0.1
	ILS	19.6	19.6	-	-	-	0.1
	JPY	-	-	-	-	-	-
	PLN	216.9	216.9	-	-	-	2.9
	Other	102.8	102.8	-	-	2.0	-
Embedded derivatives (forward sale)	KRW	82.4	15.1	63.2	4.1	0.9	-
Cross currency swaps: fixed-rate payer / fixed-rate receiver	CNY	120.0	60.0	-	60.0	-	17.4
Total foreign currency derivatives		**1,098.8**	**971.5**	**63.2**	**64.1**	**4.3**	**21.4**
USD borrowings	USD	1,070.1	352.5	-	717.6	n/a	n/a
GBP borrowings	GBP	796.5	-	-	796.5	n/a	n/a
Syndicated loan facility	PLN	392.7	-	392.7	-	n/a	n/a
Total financing		**2,259.3**	**352.5**	**392.7**	**1,514.1**	**n/a**	**n/a**
TOTAL		**3,358.1**	**1,324.0**	**455.9**	**1,578.2**	**4.3**	**21.4**

Financial instrument		**Notional amount as of December 31, 2011, re-presented by currency and maturity**				**Fair value of derivatives**	
(€ million)	**Currency**	**Amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Currency payer swaps	CZK	195.2	195.2	-	-	-	0.2
	SEK	60.4	60.4	-	-	-	0.4
	HKD	255.5	255.5	-	-	0.3	4.8
	HUF	36.0	36.0	-	-	0.7	-
	ILS	19.6	19.6	-	-	0.1	-
	JPY	78.9	78.9	-	-	-	1.5
	PLN	246.5	246.5	-	-	4.3	-
	Other	17.2	17.2	-	-	-	-
Embedded derivatives (forward sale)	KRW	85.9	12.9	53.3	19.7	6.2	-
Cross currency swaps: fixed-rate payer / fixed-rate receiver	CNY	120.0	-	60.0	60.0	-	23.2
Total foreign currency derivatives		**1,115.2**	**922.2**	**113.3**	**79.7**	**11.6**	**30.1**
USD borrowings	USD	1,224.5	-	326.3	898.2	n/a	n/a
GBP borrowings	GBP	778.2	-	-	778.2	n/a	n/a
Syndicated loan facility	PLN	307.3	307.3	-	-	n/a	n/a
Total financing		**2,310.0**	**307.3**	**326.3**	**1,676.4**	**n/a**	**n/a**
TOTAL		**3,425.2**	**1,229.5**	**439.6**	**1,756.1**	**11.6**	**30.1**

29.2.2 Fair value hedges

Financial instruments designated as fair value hedges break down as follows:

Financial instrument	Notional amount as of December 31, 2013 by currency and maturity					Fair value of derivatives	
(€ million)	**Currency**	**Amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Forward purchase	CAD	9.9	9.1	0.8	-	-	0.3
Forward purchase	USD	26.3	21.0	5.3	-	-	0.9
Forward sale	AUD	5.5	5.5	-	-	0.3	-
Forward sale	CAD	9.6	9.6	-	-	0.2	-
Forward sale	GBP	8.8	8.8	-	-	-	0.2
Forward sale	HKD	23.8	23.8	-	-	0.8	-
Forward sale	KWD	8.6	8.6	-	-	0.1	-
Forward sale	USD	257.3	168.9	88.4	-	8.2	2.4
Other currencies		(1.8)	(6.6)	4.8	-	0.3	0.3
TOTAL FOREIGN CURRENCY DERIVATIVES						**9.9**	**4.1**

The fair value hedges presented above mainly consist of foreign currency hedges in respect of construction contracts for water treatment plants and a thermal desalination plant construction contract in Kuwait.

29.2.3 Cash flow hedges

Financial instruments designated as cash flow hedges break down as follows:

Financial instrument	Notional amount as of December 31, 2013 by currency and maturity					Fair value of derivatives	
(€ million)	**Currency**	**Amount**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total assets**	**Total liabilities**
Forward purchase	GBP	9.5	9.3	0.2	-	0.2	-
Forward sale	CAD	83.2	83.2	-	-	-	0.3
Forward sale	GBP	137.7	39.5	98.3	-	4.2	-
Forward sale	RON	5.6	-	5.6	-	0.3	
Forward sale	USD	6.9	6.9	-	-	0.1	
TOTAL FOREIGN CURRENCY DERIVATIVES						**4.8**	**0.3**

The cash flow hedges presented above mainly consist of forward purchases/sales of foreign currencies different from the functional currencies of the entities concerned, in connection with their own activities and particularly hedges entered into in respect of Private Finance Initiatives (PFI) in the United Kingdom.

These projects concern in particular the districts of Staffordshire, Leeds and Shropshire.

29.2.4 Hedges of currency exposure in the Consolidated Statement of Financial Position by derivatives not qualifying for hedge accounting

Fair value				**As of December 31, 2013**				
(€ million)	**Total**	**USD**	**CZK**	**HUF**	**HKD**	**PLN**	**KRW**	**Other**
Forward purchases	(5.4)	(1.0)	(6.1)	-	-	1.3	-	0.4
Currency receiver swaps	7.4	(0.1)	-	0.6	(0.3)	7.9	-	(0.7)
Total currency swaps and forward purchases	**2.0**	**(1.1)**	**(6.1)**	**0.6**	**(0.3)**	**9.2**	**-**	**(0.3)**
Forward sales	(33.6)	0.4	6.0	-	-	(1.3)	(38.4)	(0.3)
Currency payer swaps	2.3	0.3	-	(0.9)	14.1	(9.6)	-	(1.6)
Total currency swaps and forward sales	**(31.3)**	**0.7**	**6.0**	**(0.9)**	**14.1**	**(10.9)**	**(38.4)**	**(1.9)**
Call options	-	-	-	-	-	-	-	-
Put options	0.2	-	-	-	-	-	0.2	-
Total currency options	**0.2**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**
TOTAL DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**(29.1)**	**(0.4)**	**(0.1)**	**(0.3)**	**13.8**	**(1.7)**	**(38.2)**	**(2.2)**

The above portfolio of foreign currency derivatives was mainly contracted by Veolia Environnement SA to hedge its foreign currency-denominated net financial debt (comprising foreign currency-denominated borrowings and foreign currency-denominated inter-company loans and borrowings).

Recap: Hedges as of **December 31, 2012 and 2011** are as follows:

Fair value				**As of December 31, 2012, re-presented**			
(€ million)	**Total**	**USD**	**GBP**	**NOK**	**HKD**	**KRW**	**Other**
Forward purchases	9.4	-	-	8.2	-	-	1.2
Currency receiver swaps	(31.6)	(28.5)	(2.6)	-	-	-	(0.5)
Total currency swaps and forward purchases	**(22.2)**	**(28.5)**	**(2.6)**	**8.2**	-	-	**0.7**
Forward sales	(42.8)	0.1	0.2	(0.1)	-	(41.8)	(1.2)
Currency payer swaps	12.2	0.3	8.0	(0.1)	4.2	-	(0.2)
Total currency swaps and forward sales	**(30.6)**	**0.4**	**8.2**	**(0.2)**	**4.2**	**(41.8)**	**(1.4)**
Call options	-	-	-	-	-	-	-
Put options	(0.1)	0.3	-	-	-	(0.4)	-
Total currency options	**(0.1)**	**0.3**	-	-	-	**(0.4)**	-
TOTAL DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**(52.9)**	**(27.8)**	**5.6**	**8.0**	**4.2**	**(42.2)**	**(0.7)**

Fair value	**As of December 31, 2011, re-presented**						
(€ million)	**Total**	**USD**	**GBP**	**NOK**	**HKD**	**KRW**	**Other**
Forward purchases	(1.1)	(0.5)	0.1	3.0	-	-	(3.7)
Currency receiver swaps	2.0	1.8	0.1	-	-	-	0.1
Total currency swaps and forward purchases	**0.9**	**1.3**	**0.2**	**3.0**	-	-	**(3.6)**
Forward sales	(16.7)	(1.5)	(0.1)	-	(0.1)	(24.3)	9.3
Currency payer swaps	(30.9)	(3.8)	(20.5)	-	(8.5)	-	1.9
Total currency swaps and forward sales	**(47.6)**	**(5.3)**	**(20.6)**	-	**(8.6)**	**(24.3)**	**11.2**
Call options	-	-	-	-	-	-	-
Put options	(2.9)	-	-	-	-	(2.9)	-
Total currency options	**(2.9)**	**-**	**-**	**-**	**-**	**(2.9)**	**-**
TOTAL DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**(49.6)**	**(4.0)**	**(20.4)**	**3.0**	**(8.6)**	**(27.2)**	**7.6**

29.3 Commodity derivatives

As of December 31, 2013, the fair value of commodity derivatives totals €9.5 million in assets and €51.2 million in liabilities. The €0.9 million decrease in fair value on December 31, 2012 is mainly due to the impact of:

- A €10.6 million decrease in the fair value of electricity instruments, due to a fall in electricity prices (see Section 29.3.1 below);
- A €8.8 million increase in the fair value of gas/crude oil/coal transactions, due to the expiry of gas contracts (indexed gas block purchases in France);
- A €0.9 million increase tied to the set-up of a metal hedge derivative in respect of the thermal desalination plant construction contract in Kuwait.

	As of December 31, 2013		**As of December 31, 2012, re-presented**		**As of December 31, 2011, re-presented**	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Commodity derivatives	**9.5**	**51.2**	**7.9**	**48.7**	**36.5**	**51.9**
Electricity	7.1	42.5	6.8	31.6	22.2	21.6
Petroleum products*	0.1	0.5	0.9	1.5	4.3	3.6
Gas *	-	-	-	9.2	0	15.9
CO_2	0.3	0.3	0.1	0.1	8.9	4.9
Coal *	1.1	7.9	0.1	6.3	1.1	4.6
Other	0.9	-	-	-	-	1.3

(*) Transactions concerning gas, coal or other petroleum products are primarily swaps maturing in 2014.

These derivatives break down by hedge type as follows:

	As of December 31, 2013		As of December 31, 2012, re-presented		As of December 31, 2011, re-presented	
(€ million)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Commodity derivatives	**9.5**	**51.2**	**7.9**	**48.7**	**36.5**	**51.9**
Fair value hedges	-	-	-	-	-	1.3
Cash flow hedges	2.0	8.1	0.7	16.1	6.0	19.3
Derivatives not qualifying for hedge accounting	7.5	43.1	7.2	32.6	30.5	31.3

Material contract notional amounts (electricity – see Note 1.23) are as follows:

29.3.1 Electricity

	Notional contract amount as of December 31, 2013 by maturity			
(€ million)	Total	Less than 1 year	1 to 5 years	More than 5 years
Electricity purchase instruments:				
• in Gwh	9,397	990	2,204	6,203
• in € million	523	48	122	353
Electricity sales instruments:				
• in Gwh	1,938	1,062	876	0
• in € million	78	44	34	0

Electricity purchase instruments covering the period 2013 to 2025 have a market value of –€35 million (based on valuation assumptions at the year-end) and sales instruments maturing in 2014 have a net market value of -€0.4 million. These transactions are recorded in the Consolidated Statement of Financial Position at fair value based on the quoted price of commodities with similar maturities and using internal models integrating non-observable data in the absence of a liquid market.

A 10% increase or decrease in the price of electricity (all other things being equal) would have an impact on net income of +€1.5 million and -€1.1 million, respectively.

	Notional contract amount as of December 31, 2012, re-presented, by maturity			
(€ million)	Total	Less than 1 year	1 to 5 years	More than 5 years
Electricity purchase instruments:				
• in Gwh	9,535	868	2,239	6,428
• in € million	580	47	135	398
Electricity sales instruments:				
• in Gwh	1,178	953	225	-
• in € million	58	47	11	-

(€ million)	Notional contract amount as of December 31, 2011, re-presented, by maturity			
	Total	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Electricity purchase instruments:				
• in Gwh	11,420	774	2,293	8,353
• in € million	734	43	147	544
Electricity sales instruments:				
• in Gwh	831	831	-	-
• in € million	58	58	-	-

29.3.2 Greenhouse gas emission rights

In 2011 the market value of CO_2 transactions mainly reflected forward purchases and sales designated as cash flow hedges and other transactions not qualifying for hedge accounting relating to contracts swapping greenhouse gas emission rights (EUA) for Carbon Emission certificates.

The majority of these transactions had expired at the end of 2012 and 2013, explaining the immaterial value of CO_2 transactions.

Note 30 Employee benefit obligation

30.1 Share-based compensation

30.1.1 Veolia Environnement share purchase and subscription option plans

Veolia Environnement has implemented several standard fixed share purchase and subscription option plans, as well as a variable plan for management.

Outstanding option plans at the end of 2013 were as follows:

	No. 8	No. 7	No. 6
	2010	2007	2006
Grant date	09/28/2010	07/17/2007	03/28/2006
Number of options granted	2,462,800	2,490,400	4,044,900
Number of options not exercised	0***	537,950*	2,949,147
Plan term	8 years	8 years	8 years
Vesting conditions	4 years' service plus performance conditions	4 years' service plus performance conditions	4 years' service
Vesting method	After 4 years	After 4 years	After 4 years
Strike price *(in euros)*	22.50	57.05	44.03**

* *Given the performance criteria, the number of options effectively exercisable was reduced by 1,742,650 in 2008.*

** *Strike price adjusted to take account of transactions impacting the share capital of the Company. The initial strike price for plan no.6 was €44.75.*

*** *Following failure to achieve performance criteria, validated by the Board of Directors' meeting of March 14, 2013. In the event of a public offering targeting the Company's shares, 2,127,400 options would become available for exercise.*

2011, 2012 and 2013

The Group did not grant any share options in 2011, 2012 or 2013.

2010

In 2010, the Group granted 2,462,800 share options to members of the Executive Committee (excluding the Chief Executive Officer) and three employee groups. The first group comprised Veolia Environnement Group key management, including members of the Executive Committee. The second group comprised other Group management members and the third one included high-performing executive and non-executive employees. The estimated fair value of each option granted in 2010 was €1.86. This value was calculated using the Black and Scholes model, based on the following underlying assumptions: share price of €19.72, volatility of 26.6% based on share prices over a 6-year period in line with the estimated maturity of the plan, expected annual yield of 6.14%, risk-free interest rate of 1.97% and estimated exercise maturity of six years.

The options granted under the plan may only be exercised after a period of four years commencing the grant date, that is from September 29, 2014, provided the Group return on capital employed as of December 31, 2012 is at least equal to 8.4% (application of this performance criteria varies according to the employee category).

As this condition was not satisfied at the 2012 year-end, the Board of Directors' meeting of March 14, 2013 duly noted that the options cannot be exercised. In the event of a public offering targeting the Company's shares, 2,127,400 options would become available for exercise.

2008 and 2009

The Group did not grant any share options in 2008 or 2009.

2007

In 2007, the Group granted 2,490,400 share options to two employee groups. The first group comprised Veolia Environnement Group management, including members of the Executive Committee. The second group comprised senior managers of Veolia Environnement Group companies and employees recognized for their excellent performance in 2006. The estimated fair value of each option granted in 2007 was €13.91. This value was calculated using the Black and Scholes model based on the following underlying assumptions: share price of €57.26, historical volatility of 21.75%, expected dividend yield of 2%, risk-free interest rate of 4.59% and estimated exercise maturity of 6 years.

In 2007, the Group granted 333,700 free shares to employees recognized for their excellent performance in 2006. In France, rights vest after two years, followed by a two year lock-in period and are subject to performance conditions. Outside France, rights vest after four years subject to performance conditions. The estimated fair value of each free share granted in 2007 was €57.26, net of dividends not received during the vesting period and for shares granted to French employees, a discount for non-transferability.

Finally, in 2007 the Group granted 205,200 stock appreciation rights (SAR) on ordinary shares to three employee groups: firstly, Veolia Environnement Group management, secondly senior managers of Veolia Environnement Group companies and thirdly employees recognized for their excellent performance in 2006. Rights vest after four years subject to performance conditions. As of December 31, 2010, the estimated fair value of each option granted in 2007 was €0.03. This value was calculated using the Black and Scholes model based on the following underlying assumptions: share price of €21.86, historical volatility of 32.38%, expected dividend yield of 5.48%, risk-free interest rate of 1.12%, estimated exercise maturity of two years, subscription price of €57.20.

The performance condition determining the number of options granted under the three 2007 plans (share options, free shares and SAR) was the increase in net earnings per share between December 31, 2006 and December 31, 2008. This was taken into account in the calculation of the number of options vested and the compensation expense.

2006

In 2006, the Group granted 4,044,900 share options to three employee groups. The first group comprised Veolia Environnement Group management, including members of the Executive Committee. The second group comprised senior management of Veolia Environnement Group companies. The third group comprised Group employees recognized for their excellent performance. The estimated fair value of each option granted in 2006 was €10.01. This value was calculated using the Black and Scholes model based on the following underlying assumptions: share price of €44.75, historical volatility of 22.6%, expected dividend yield of 1.92%, risk-free interest rate of 3.69% and estimated exercise maturity of 6 years.

Information on share purchase and subscription options is presented below, with a breakdown of movements in 2009, 2010, 2011, 2012 and 2013 (share option plans excluding free share plans and SAR plans (settled in cash)):

	Number of options	**Weighted average strike price** *(in euros)*
As of December 31, 2008	**12,488,527**	**35.53**
Granted	-	-
Exercised	(31,011)	25.06
Cancelled	(148,418)	46.05
Expired	(1,382,525)	40.59
As of December 31, 2009	**10,926,573**	**34.78**
Granted	2,462,800	22.50
Exercised	(71,113)	29.46
Cancelled	(310,576)	45.43
Expired	(1,895,041)	36.65
As of December 31, 2010	**11,112,643**	**31.48**
Granted	-	-
Exercised	(64,197)	22.14
Cancelled	(287,140)	38.30
Expired	(1,480,043)	22.14
As of December 31, 2011	**9,281,263**	**32.82**
Granted	-	-
Exercised	-	-
Cancelled	(514,480)	34.08
Expired	(5,185,688)*	23.57
As of December 31, 2012	**3,581,095**	**46.02**
Granted	**-**	**-**
Exercised	-	-
Cancelled	(93,998)	45.51
Expired	-	-
As of December 31, 2013	**3,487,097**	**46.04**

* *Including 2,127,400 due to failure to meet performance conditions.*

No options were exercised in 2013.

Details of Veolia Environnement share purchase and subscription options outstanding as of December 31, 2013 are as follows:

Strike price	**Number of options outstanding**	**Weighted average strike price** *(in euros)*	**Average residual term** *(in years)*	**Number of options vested**
40-45	2,949,147	45.27	0.24	2,949,147
55-60	537,950	57.05	1.54	537,950
Total	**3,487,097**	**46.04**	**0.44**	**3,487,097**

As of December 31, 2013, 3,487,097 options can be exercised.

30.1.2 Employee savings plans

Veolia Environnement has regularly set-up standard and leveraged savings plans which enable a large number of employees of Veolia Environnement and its subsidiaries to subscribe for Veolia Environnement shares. Shares subscribed by employees under these plans are subject to certain restrictions regarding their sale or transfer by employees.

No savings plans were set up in 2011, 2012 or 2013.

30.2 Pension plans and other post-employment benefits

The following disclosures concern pension plans offered by fully consolidated entities.

30.2.1 Description of plans

In accordance with the regulatory environment and collective agreements, the Group has established defined benefit and defined contribution pension plans (company or multi-employer) in favor of employees and other post-employment benefits.

Defined contribution plans

As described in Note 1.15, defined contribution plans are plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for future payments. These obligations are expensed in the Consolidated Income Statement when due. Basic mandatory pension plans in the various countries where the Group operates are generally defined contribution plans.

Supplementary defined contribution plans have been set up in certain subsidiaries. Expenses incurred by the Group under these plans total €60 million for 2013 and €62 million for 2012.

Defined benefit plans

Some Group companies have established defined benefit pension plans and/or offer other post-employment benefits (mainly retirement termination payments).

The tables in Note 30.2 § b present the obligations in respect of defined benefit pension plans (see Note 1.15) and other post-employment benefits.

The measurement of these obligations is reflected by the DBO (Defined Benefit Obligation) or actuarial liability. These future outflow commitments may be partially or fully funded ("plan assets").

The greatest obligations are located in the United Kingdom and France.

United Kingdom

The defined benefit obligation in the United Kingdom is €677.2 million as of December 31, 2013 (compared with €697.5 million as of December 2012) and is funded by plan assets of €606.6 million at this date (compared with €603.9 million as of December 31, 2012).

The average duration of these plans is approximately 20 years.

In the United Kingdom, defined benefit pension plans are mainly final salary plans. Most of these plans are closed to new employees and the majority are also closed to the acquisition of new rights. These plans are financed by employer and employee contributions paid to an independent pension fund (the Trustee). Local regulations ensure the independence of the pension fund, which has 9 members (including 5 employer representatives, 3 representatives of active and retired employees and 1 independent member).

Plan rules authorize the employer to recover excess funds paid at the end of the plans.

These plans allow retirees to take part of the benefit as a lump-sum and the balance as a pension. In the case of a pension, the related risk is tied to the longevity of beneficiaries.

France

In France, the defined benefit obligation for all plans totaled €487.5 million as of December 31, 2013 (€519.9 million as of December 31, 2012) and is funded by plan assets of €106.3 million at this date (€116.9 million as of December 31, 2012).

Nearly 82% of the obligation relates to retirement indemnities (legally required payments) paid in a lump sum. These indemnities represent a number of months' salary based on Group seniority and are legally required by the applicable collective-bargaining agreement to be paid on an employee's retirement. A portion of these obligations is covered by insurance contracts, but this funding is at the discretion of the employer. The average duration of these plans is approximately 11 years.

The risk associated with this type of plan is legislative risk, in terms of potential adjustments to redundancy payments to which retirement indemnities are linked in certain collective bargaining agreements. Furthermore, the renegotiation of collective bargaining agreements could also generate adjustments to indemnities granted.

With respect to executive plans, the Board of Directors meeting of March 14, 2013, having received a favorable opinion from the Works Council and at the recommendation of the Nominations and Compensation Committee, approved the closure of the two supplementary defined benefits collective pension plans for members of the Executive Committee (including the corporate officer) and senior Group executives (excluding the Executive Committee members). The General Shareholders' Meeting of May 14, 2013 approved the resolution authorizing the amendment of the corporate officer's pension plan which is considered a regulated agreement. The beneficiaries of these closed pension plans were transferred with effect from July 1 to a pre-existing defined benefits plan for certain categories of executive manager. The closure of these two pension plans had an impact of €40.3 million on operating income for the year ended December 31, 2013.

Multi-employer plans

Under collective agreements, some Group companies participate in multi-employer defined benefit pension plans. However, these plans are unable to provide a consistent and reliable basis for the allocation of the obligation, assets and costs between the different participating entities. They are therefore recorded as defined contribution plans in accordance with IAS 19, revised. The multi-employer plans concern approximately 1,700 employees in 2013 and are mainly located in Germany, where such plans are generally funded by redistribution.

The corresponding expense recorded in the Consolidated Income Statement is equal to annual contributions and totals approximately €5 million in 2013.

The Group also offers post-employment benefits and notably health insurance plans in France and the United States.

30.2.2 Change in the funding status of post-employment benefit obligations and the provision

As of December 31,

	United Kingdom			France			Other countries			TOTAL		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
(a) Defined benefit obligation at the year end	677.2	697.5	1,009.6	487.5	519.9	463.6	226.3	225.0	193.4	1,391.0	1,442.4	1,666.6
(b) Fair value of plan assets at the year end	606.6	603.9	898.0	106.3	116.9	119.1	74.7	68.4	61.4	787.6	789.2	1,078.5
Funding status = (b) – (a)	**(70.6)**	**(93.6)**	**(111.6)**	**(381.2)**	**(403.0)**	**(344.5)**	**(151.6)**	**(156.6)**	**(132.0)**	**(603.4)**	**(653.2)**	**(588.1)**
Provisions	(87.5)	(112.2)	(121.1)	(381.5)	(403.2)	(345.5)	(151.6)	(156.6)	(132.0)	(620.6)	(672.0)	(598.6)
Prepaid benefits (regimes with a funding surplus)	16.9	18.6	9.5	0.3	0.2	1.0	-	-	-	17.2	18.8	10.5

Provisions for post-employment benefits total €620.6 million, compared with €672.0 million in 2012. In 2013, this amount includes in particular provisions of €128.3 million reclassified in the Consolidated Statement of Financial Position in Liabilities directly associated with assets held for sale, i.e. an amount of €492.3 million recorded in the Consolidated Statement of Financial Position.

30.2.3 Obligations in respect of defined benefit pension plans and other post-employment benefits.

Actuarial assumptions

Actuarial assumptions used for calculation purposes vary depending on the country in which the plan is implemented.

The benefit obligation in respect of pension plans and post-employment benefits as of December 31, 2013, 2012 and 2011 is based on the following average assumptions:

	As of December 31, 2013	**As of December 31, 2012**	**As of December 31, 2011**
Discount rate	**3.95%**	**3.78%**	**4.54%**
United Kingdom	***4.60%***	***4.40%***	***4.70%***
Euro zone	***3.20%***	***3.20%***	***4.70%***
Expected rate of salary increase	**3.41%**	**2.97%**	**3.58%**

Change in the Defined Benefit Obligation (DBO)

	As of December 31,											
Change in the DBO	**United Kingdom**			**France**			**Other countries**			**TOTAL**		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
Defined benefit obligation at beginning of year	697.5	1,009.6	970.9	519.9	463.6	434.4	225.0	193.4	212.7	1,442.4	1,666.6	1,618.0
Current service cost	4.3	8.7	13.3	24.6	22.9	22.4	11.2	10.6	10.0	40.1	42.2	45.7
Plan amendments or new plan (contract win) (*)	2.0	-	0.8	(2.2)	3.7	10.9	1.4	-	(0.9)	1.2	3.7	10.8
Curtailments and liquidations (*)	(23.5)	(2.4)	-	(50.6)	(19.1)	(6.3)	(0.9)	(1.5)	(28.7)	(75.0)	(23.0)	(35.0)
Interest cost	28.3	39.2	48.7	14.6	19.8	19.1	6.9	7.3	7.4	49.8	66.3	75.2
Actuarial gains and losses	2.4	37.7	(24.8)	7.7	50.6	19.0	(2.9)	22.5	3.5	7.2	110.8	(2.3)
o/w actuarial gains and losses arising from experience adjustments	*(1.5)*	*(1.3)*	*(28.2)*	*0.6*	*(0.8)*	*8.3*	*0.4*	*3.7*	*(0.3)*	*(0.5)*	*1.6*	*(20.2)*
o/w actuarial gains and losses arising from changes in demographic assumptions	*(4.7)*	*12.1*	*11.1*	*0.9*	*(3.5)*	*2.8*	*3.3*	*(0.6)*	-	*(0.5)*	*8.0*	*13.9*
o/w actuarial gains and losses arising from changes in financial assumptions	*8.6*	*26.9*	*(7.7)*	*6.2*	*54.9*	*7.9*	*(6.6)*	*19.4*	*3.8*	*8.2*	*101.2*	*4.0*
Plan participants' contributions	0.8	1.7	2.8	-	-	-	0.8	0.9	0.9	1.6	2.6	3.7
Benefits paid	(19.7)	(29.6)	(30.9)	(25.5)	(22.3)	(22.2)	(10.9)	(13.1)	(12.8)	(56.1)	(65.0)	(65.9)
Benefit obligation assumed on acquisition of subsidiaries	-	-	-	-	0.4	0.4	4.1	9.0	-	4.1	9.4	0.4
Benefit obligation transferred on divestiture of subsidiaries (**)	-	(398.5)	-	(0.1)	(1.1)	(15.1)	-	(2.3)	(5.5)	(0.1)	(401.9)	(20.6)
Foreign exchange translation	(14.8)	31.3	29.9	-	-	-	(8.5)	(2.7)	3.7	(23.3)	28.6	33.6
Other	(0.1)	(0.2)	(1.1)	(0.9)	1.4	1.0	0.1	0.9	3.1	(0.9)	2.1	3.0
(a) Defined benefit obligation at end of year	**677.2**	**697.5**	**1,009.6**	**487.5**	**519.9**	**463.6**	**226.3**	**225.0**	**193.4**	**1,391.0**	**1,442.4**	**1,666.6**

(*) Primarily in 2011, the early termination of the management agreement between the City of Indianapolis and Veolia leading to a reduction in the DBO of €15 million.

In 2013, the decrease includes €40.3 million in respect of the closure of executive plans in France and €23.4 million in respect of a UK pension plan, following the divestiture of regulated Water activities in 2012 and the resulting transfer of the DBO relating to this plan to the buyer.

(**) In 2012, this line includes the decrease in the DBO associated with the divestiture of regulated Water activities in the United Kingdom of €398.5 million. In 2011, the divestiture of Proxiserve (Energy Services) generated a decrease in the DBO of €12.8 million.

Sensitivity of the benefit obligation and the current service cost

The Group benefit obligation is especially sensitive to discount and inflation rates.

A 1% increase in the discount rate would decrease the benefit obligation by approximately €186 million and the current service cost of the next year by €5 million. A 1% decrease in the discount rate would increase the benefit obligation by €221 million and the current service cost of the next year by €6 million.

Conversely, a 1% increase in the inflation rate would increase the benefit obligation by approximately €174 million and the current service cost of the next year by €6 million. A 1% decrease in the inflation rate would decrease the benefit obligation by €152 million and the current service cost by €5 million.

30.2.4 Plan assets

Change in plan assets

The following table presents plan assets funding obligations in respect of defined benefit pension plans and other post-employment benefits.

	As of December 31,											
Change in plan assets	United Kingdom			France			Other countries			TOTAL		
(€ million)	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented	2013	2012 re-presented	2011 re-presented
Fair value of plan assets at beginning of year	**603.9**	**898.0**	**826.1**	**116.9**	**119.1**	**119.2**	**68.4**	**61.4**	**78.0**	**789.2**	**1,078.5**	**1,023.3**
Actual return on plan assets	38.0	54.7	45.1	3.3	3.3	4.8	5.6	4.9	(3.0)	46.9	62.9	46.9
o/w interest income	*24.8*	*35.7*	*42.1*	*3.7*	*5.6*	*5.5*	*1.5*	*1.8*	*2.4*	*30.0*	*43.1*	*50.0*
o/w return on plan assets excluding amounts included in the interest income	*13.2*	*19.0*	*3.0*	*(0.4)*	*(2.3)*	*(0.7)*	*4.1*	*3.1*	*(5.4)*	*16.9*	*19.8*	*(3.1)*
Group contributions	13.6	52.2	27.8	0.2	0.3	-	3.2	3.7	4.2	17.0	56.2	32.0
Plan participants' contributions	0.8	1.7	2.8	-	-	-	0.8	0.9	0.8	1.6	2.6	3.6
Plan assets acquired on acquisition of subsidiaries	-	-	-	-	-	0.2	-	-	-	-	-	0.2
Plan assets transferred on divestiture of subsidiaries *	-	(404.2)	-	-	-	(0.2)	-	-	(2.5)	-	(404.2)	(2.7)
Liquidations**	(17.4)	-	-	(8.4)	-	-	-	(0.5)	(13.6)	(25.8)	(0.5)	(13.6)
Benefits paid	(19.6)	(29.6)	(30.8)	(5.7)	(5.7)	(5.0)	(1.9)	(2.0)	(4.7)	(27.2)	(37.3)	(40.5)
Administrative expenses paid by the fund	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	-
Foreign exchange translation	(12.5)	31.1	26.9	-	-	-	(1.7)	-	1.3	(14.2)	31.1	28.2
Other	(0.2)	-	0.1	-	(0.1)	0.1	0.4	-	0.9	0.2	(0.1)	1.1
(b) Fair value of plan assets at end of year	**606.6**	**603.9**	**898.0**	**106.3**	**116.9**	**119.1**	**74.7**	**68.4**	**61.4**	**787.6**	**789.2**	**1,078.5**

(*) In 2012, plan assets transferred mainly concern the divestiture of regulated Water activities in the United Kingdom in the amount of €404.2 million

(**) *In 2013, the transfer of the plan assets of a UK pension plan following the loss of a contract led to liquidations of €17.4 million. In France, employer contributions of €6.8 million were repaid following the closure of executive plans.*

In the United Kingdom, the investment policy is defined by the pension fund. Funding levels and the contribution payment schedule are negotiated by the employer and the Trustee, based on triennial actuarial valuations. Contributions include both the recovery of the shortfall in relation to past rights and service costs for future years. In 2013, a triennial valuation was performed for one of the eight United Kingdom funds.

United Kingdom pension funds aim at attaining 100% technical coverage of liabilities within 10 years, while maintaining a risk level considered as acceptable by all parties (Trustees and employers). In order to achieve that goal, plan assets are allocated within two portfolios:

- A Liability Driven Investment portfolio (where flows best match liabilities and the value of which fluctuates in line with the liability value). This portfolio mainly includes inflation-linked bonds issued or guaranteed by the UK government and derivatives with leading banking counterparties (rated A or higher), with which collateralization contracts have been signed in order to minimize counterparty risk.

- A portfolio of growth assets invested in a diverse range of asset classes (equities, bonds, diversified funds, etc.) and seeking to outperform the liabilities. For most of these asset classes, the investment isimplemented through passive management funds with the objective of replicating a given index (the various FTSE indexes for the different global regions in the case of shares, etc.). Over the last few years, an asset class diversification policy has reached a considerable reduction in the risk exposure of this growth portfolio, while maintaining expected return at a level allowing the deficit reduction objective to be achieved.

Along the year, a hedging policy for some financial risks (such as foreign exchange, inflation and interest rate) has been implemented, in order to reduce the fund's exposure to these risks and therefore reduce the risk of increased contributions. These hedges were done through derivatives (FX forwards, total return swaps on gilts, interest rate swaps, etc.).

In France, the Group's assets are placed primarily with insurance companies and invested in the general insurance fund. The French General Insurance Code (*Code général des assurances*) requires insurance companies to provide a minimum rate of return on these funds, calculated primarily based on the rate offered by government bonds.

For the Group as a whole, the actual return on plan assets in 2013, 2012, and 2011 was 5.9%, 6.7% and 4.5% respectively and reflects market performance based on the asset investment profile.

The Group plans to make contributions of €18.3 million to defined benefit plans in 2013.

On average, Group pension plan assets were invested as follows as of December 31, 2013, 2012 and 2011:

	2013	**2012 re-presented**	**2011 re-presented**
Unquoted assets	**23.8%**	**23.0%**	**19.6%**
Liquid unquoted assets - Investment funds (general insurance fund)	13.9%	14.8%	11.0%
Non-liquid unquoted assets - Investment funds (*)	9.6%	7.9%	8.4%
Non-liquid unquoted assets - Other	0.3%	0.3%	0.2%
Quoted assets (liquid)	**75.6%**	**76.4%**	**79.9%**
Government bonds (**)	22.5%	22.1%	24.1%
Corporate bonds	3.6%	3.1%	2.2%
Shares	9.7%	9.7%	5.6%
Investment funds	39.2%	41.5%	48.0%
Liquid quoted assets – Other	0.6%	**-**	**-**
Liquid assets	**0.6%**	**0.6%**	**0.5%**
TOTAL	**100.0%**	**100.0%**	**100.0%**

(*) The line "Non-liquid unquoted assets - Investment funds" consists of funds without guaranteed monthly liquidity (e.g. real estate funds, infrastructure funds).

(**) *The portion of government bonds from high-risk countries is not material.*

Change in right to reimbursement

Right to reimbursement is recorded in assets as of December 31, 2013 at a value of €4.9 million, compared with €5.6 million as of December 31, 2012. Right to reimbursement concerns the portion of employee rights to post-employment benefits corresponding to periods during which the employee was employed by a previous employer or where the operating contract stipulates that employee entitlement to post-employment benefits is assumed by a third party.

30.2.5 Impact on Comprehensive Income

The net benefit cost breaks down as follows:

(€ million)	As of December 31											
	United Kingdom			**France**			**Other countries**			**TOTAL**		
		Re-presented			**Re-presented**			**Re-presented**			**Re-presented**	
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Service cost	0.3	6.3	13.3	(24.0)	7.6	27.0	11.5	10.4	(5.1)	(12.2)	24.3	35.2
o/w Current service cost	*4.3*	*8.7*	*13.3*	*24.6*	*22.9*	*22.4*	*11.2*	*10.6*	*10.0*	*40.1*	*42.2*	*45.7*
o/w Past service cost	*(4.0)*	*(2.4)*	-	*(48.6)*	*(15.3)*	*4.6*	*0.3*	*(0.2)*	*(15.1)*	*(52.3)*	*(17.9)*	*(10.5)*
Net interest expense	3.5	3.5	6.6	10.9	14.2	13.6	*5.4*	5.5	5.0	19.8	23.2	25.2
o/w Interest cost	*28.3*	*39.2*	*48.7*	*14.6*	*19.8*	*19.1*	*6.9*	*7.3*	*7.4*	*49.8*	*66.3*	*75.2*
o/w Interest income on plan assets	*(24.8)*	*(35.7)*	*(42.1)*	*(3.7)*	*(5.6)*	*(5.5)*	*(1.5)*	*(1.8)*	*(2.4)*	*(30.0)*	*(43.1)*	*(50.0)*
Interest income on right to reimbursement	-	-	-	(0.2)	(0.2)	(0.3)	-	-	-	(0.2)	(0.2)	(0.3)
Administrative expenses paid by the fund	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	-
Other	(0.1)	-	-	0.1	-	-	0.8	0.6	1.9	0.8	0.6	1.9
Net benefit cost recognized in the Consolidated Income Statement	**3.7**	**9.8**	**19.9**	**(13.2)**	**21.6**	**40.3**	**17.6**	**16.5**	**1.8**	**8.1**	**47.9**	**62.0**
Return on plan assets excluding amounts included in interest income	(13.2)	(19.0)	(3.0)	0.4	2.3	0.7	(4.1)	(3.1)	5.4	(16.9)	(19.8)	3.1
Actuarial gains (losses) arising from experience adjustments	(1.5)	(1.3)	(28.2)	0.6	(0.8)	8.3	0.4	3.7	(0.3)	(0.5)	1.6	(20.2)
Actuarial gains and losses arising from changes in demographic assumptions	(4.7)	12.1	11.1	0.9	(3.5)	2.8	3.3	(0.6)	-	(0.5)	8.0	13.9
Actuarial gains and losses arising from changes in financial assumptions	8.6	26.9	(7.7)	6.2	54.9	7.9	(6.6)	19.4	3.8	8.2	101.2	4.0
Net benefit cost recognized in other comprehensive income	**(10.8)**	**18.7**	**(27.8)**	**8.1**	**52.9**	**19.7**	**(7.0)**	**19.4**	**8.9**	**(9.7)**	**91.0**	**0.8**
Total net benefit cost	**(7.1)**	**28.5**	**(7,9)**	**(5.1)**	**74.5**	**60.0**	**10.6**	**35.9**	**10.7**	**(1.6)**	**138.9**	**62.8**

The costs expensed in the Consolidated Income Statement are recorded in operating income, except for the interest cost, recorded in net finance costs and net benefit costs in the income statement of discontinued operations, recorded in net income (loss) from discontinued operations (€0.5 million in 2013).

Note 31 Construction contracts

As described in Note 1.22. Veolia Group recognizes its construction contracts under the percentage of completion method. At each period end, a contract statement compares the amount of costs incurred, plus profits (including any provisions for losses to completion) with intermediary billings: “Construction contracts in progress / Assets” therefore represents contracts for which the costs incurred and profits recognized exceed amounts billed.

(€ million)	**As of December 31, 2013**	**As of December 31, 2012, re-presented**	**As of December 31, 2011, re-presented**
Construction contracts in progress / Assets (A)	537.7	798.5	596.6
Construction contracts in progress / Liabilities (B)	233.6	248.0	294.1
Construction contracts in progress, net (A) – (B)	**303.7**	**550.5**	**302.5**
Costs incurred plus income and losses recognized to date (C)	3,942.3	4,279.3	5,454.4
Amounts billed (D)	(3,638.6)	3,728.8	5,151.9
Construction contracts in progress, net (C) – (D)	**303.7**	**550.5**	**302.5**
Customer advances	**71.3**	**45.6**	**73.0**

Note 32 Operating leases

The Group enters into operating leases (mainly for transportation equipment and buildings).

Future minimum lease payments under operating leases amount to €1,396.3 million as of December 31, 2013, compared with €1,579.4 million as of December 31, 2012 and €1,693.0 million as of December 31, 2011.

The €183.1 million decrease in 2013 mainly concerns the Environmental Services Division (-€161.6 million) and primarily the sale of Veolia ES Special Services Inc’s offshore activities for -€84.4 million.

As of December 31, 2013, future minimum lease payments under these contracts were as follows:

(€ million)	**Operating lease**
2014	380.6
2015 & 2016	426.7
2017 & 2018	230.5
2019 and thereafter	358.5
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,396.3**

32.1 Lease payments for the period

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Minimum lease payments expensed in the year	477.0	488.9	457.3
Contingent rent expensed in the year	4.7	24.2	18.6
TOTAL LEASE PAYMENTS FOR THE YEAR	**481.7**	**513.1**	**475.9**

Sub-lease revenue is not material.

32.2 Assets leased under operating leases

The value of assets concerned by operating leases within the Group is not material.

Note 33 Tax audits

In the normal course of their business, the Group entities in France and abroad are subjected to regular tax audits. Revised assessments and identified uncertain tax positions in respect of which a revised assessment has not yet been issued are adequately provided, and provision amounts are regularly reviewed in accordance with IAS 37 criteria.

The tax authorities have also carried out various tax audits in respect of both consolidated tax groups and individual entities. To date, none of these reviews have led to liabilities to the tax authorities materially in excess of amounts estimated during the review of tax risks.

In estimating the risk as of December 31, 2013, the Group took account of the expenses that could arise as a consequence of these audits, based on a technical analysis of the positions defended by the Group before the tax authorities. The Group periodically reviews the risk estimate in view of developments in the audits and legal proceedings.

In Italy, in the Energy Services Division, Siram received revised tax assessments in respect of fiscal years 2004 and 2005. Litigation proceedings are ongoing with respect to these tax assessments. The liabilities arising from this tax litigation have been anticipated and provided for in accordance with IAS 37.

On March 10, 2010, Veolia Environnement through its subsidiary VENAO received notices of proposed adjustments ("NOPAs") from the U.S. Internal Revenue Service (IRS) relating to a number of tax positions concerning its U.S. subsidiaries, including primarily tax losses resulting from the reorganization of the former US Filter (Worthless Stock Deduction), in the amount of USD 4.5 billion (tax base). They also relate to certain other issues relating to tax losses for the 2004, 2005 and 2006 tax years, in an aggregate amount of a similar order of magnitude as the Worthless Stock Deduction. The NOPAs are preliminary assessments that do not reflect a definitive audit position and are subject to change. These NOPA's were received following the request by the Group for a pre-filing agreement from the Internal Revenue Service (IRS) in order to validate the amount of tax losses as of December 31, 2006.

Since 2010, the Group continues to discuss these NOPAs with the IRS with a view to resolving or narrowing the issues and the issuance of a formal assessment notice for any unresolved issues, which could be appealed within the IRS or in court. As of December 31, 2013, the remaining NOPAs, before any penalties, relate to the Worthless Stock Deduction for USD 4.5 billion (tax base). As the NOPAs are still subject to the continuing IRS audit process, there is no requirement at this time for any payment of taxes. Based on information available to the Company at the year-end, Veolia Environnement has not recorded any provisions in its consolidated financial statements in respect of the NOPAs and has recorded a deferred tax asset relating to these tax losses.

In the context of this audit, the IRS issued several summons in reply to which VENAO submitted a number of documents. On January 5, 2013, considering the response to the summons inadequate, the US Department of Justice brought an action against VENAO before the US District Court of the State of Delaware for enforcement of the summons. The Court of Delaware has not yet handed down its judgment.

Furthermore, the audit launched in 2011 in respect of fiscal years 2007 and 2008 for all of the Group's U.S. entities is still ongoing. No major risks have been identified to date.

Note 34 Off-balance sheet commitments and collateral

34.1 Commitments relating to the Group and its subsidiaries

34.1.1 Commitments given

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2011, re-presented	As of December 31, 2012, re-presented	As of December 31, 2013	Maturity		
				Less than 1 year	1 to 5 years	More than 5 years
Commitments relating to operating activities	**8,408.6**	**8,272.5**	**9,290.3**	**4,932.1**	**2,303.1**	**2,055.1**
Operational guarantees including performance bonds	8,340.5	8,235.1	9,242.9	4,907.5	2,290.5	2,044.9
Purchase commitments	68.1	37.4	47.4	24.6	12.6	10.2
Commitments relating to the consolidation scope	**949.6**	**877.5**	**1,322.1**	**317.6**	**375.7**	**628.8**
Vendor warranties	703.1	855.7	1,299.8	309.1	363.9	626.8
Purchase commitments	0.7	10.0	7.6	5.1	1.4	1.1
Sale commitments	2.1	1.4	0.3	0.3	-	-
Other commitments relating to the consolidation scope	243.7	10.4	14.4	3.1	10.4	0.9
Financing commitments	**412.7**	**794.0**	**813.4**	**363.9**	**200.1**	**249.4**
Letters of credit	230.5	325.2	451.9	277.5	170.4	4.0
Debt guarantees	182.2	468.8	361.5	86.4	29.7	245.4
TOTAL COMMITMENTS GIVEN	**9,770.9**	**9,944.0**	**11,425.8**	**5,613.6**	**2,878.9**	**2,933.3**

In addition to commitments given, Veolia Environnement has also granted commitments of unlimited amount concerning:

- A performance bond given by certain Water Division subsidiaries in respect of a shareholders' agreement entered into on the acquisition of a municipal company in Germany;

- Operational performance bonds given by certain subsidiaries of Water Division in respect of a construction contract and operating contract for a sludge incinerator in Hong Kong.

These commitments are limited to the duration of the related contracts and were approved in advance by the Board of Directors of Veolia Environnement.

34.1.1.1 Commitments given relating to operating activities

Operational guarantees: operational or operating guarantees encompass all commitments not relating to the financing of operations, required in respect of contracts and markets and more generally the operations and activities of Group companies. Such guarantees include bid bonds accompanying tender offers, advance payment bonds and completion or performance bonds given on the signature of contracts or concession arrangements.

The main categories of commitments include:

- Commitments related to site rehabilitation:

  Pursuant to environmental texts and legislation concerning the operation of waste storage facilities, the Group is obliged to provide financial guarantees to local authorities/government agencies. These guarantees notably encompass the rehabilitation and supervision of the site during 30 years or more, depending on national legislation (currently 60 years in the United Kingdom), following its operation.

  In this context, performance bonds and letters of credit are issued to local authorities and other public bodies.

  Depending on the contract, these guarantees cover the costs necessary for the rehabilitation of all or part of the site and the supervision of the site during 30 years.

  These guarantees are quantified in accordance with legal or contractually-defined procedures. These guarantees, which are given in their total amount from the start of operations, expire at the end of the commitment (termination of rehabilitation work and site supervision).

  Therefore, the amount of our commitment for the rehabilitation and supervision of waste storage facilities is in general different from the amount of the provision recorded in the Group accounts (see Note 1.13 and Note 17).

  Provisions calculated by the Group are based on different valuations (based on internal policies regarding site security and designed for optimal environmental protection), which take into account the progressive nature of the obligation: operation of the storage facility results in progressive damage to the site and, as such, a related liability is recognized as the facility is operated.

  If the amount of the commitment is less than the provision at the balance sheet date, an off-balance sheet commitment is not disclosed. Conversely, if the amount of the commitment is greater than the provision, an off-balance sheet commitment is disclosed in the amount not provided.

- Commitments related to engineering and construction activities:

  Total commitments given in respect of construction activities in the Water Division (Veolia Water Solutions & Technologies) amount to €3,715.8 million as of December 31, 2013, compared with €3,431.5 million as of December 31, 2012 and €3,236.9 million as of December 31, 2011.

  Total commitments received (see below) in respect of these same activities amount to €521.7 million as of December 31, 2013, compared with €594.7 million as of December 31, 2012 and €651.8 million as of December 31, 2011.

  Commitments given and received in respect of the three main contracts account for approximately 43.5% of total commitments.

- Commitments given in respect of concession contracts:

  Pursuant to public service contracts with a public entity, the Group may be called on/obliged to invest in infrastructures that will then be operated and remunerated in accordance with contractual terms and conditions.

  The contractual commitment may concern both the financing of installations and infrastructures to be used in operations and also the maintenance and replacement of infrastructures necessary to operations.

  An analysis of the accounting treatment of these commitments is presented in Notes 1.20, 1.13 and 17.

  Expenditure relating to the replacement or restoration of installations is monitored and recognized through any timing differences between the total contractual commitment over the contract term and its realization, in accordance with IAS 37 on Provisions.

  Expenditure relating to the construction, maintenance and restoration of concession assets is reviewed with respect to IFRIC 12 and detailed in Note 1.20.

- Firm commodity purchase commitments:

  As part of supply management and cost optimization, certain Group subsidiaries may be required, depending on their activities, to set-up derivatives to fix the cost of commodity supplies where the contracts do not offer appropriate protection (see Note 29.3) or contract forward purchases or sales of commodities.

  Firm commodity purchase commitments mainly concern:

  - Gas in the Energy Services Division (mainly in France) and in the Water Division (commitments mature in less than 5 years);
  - Electricity in the Water Division (purchase commitments mature in less than 3 years due to poor liquidity in the electricity market). With regard to both gas and electricity, the number of contracts signed enables the Group to significantly reduce political and counterparty risk;
  - Biomass in the Energy Services Division in France.

  In parallel, firm electricity sales contracts are entered into to secure selling prices over a period of less than 3 years. These commitments concern production activities exposed to the electricity wholesale market and primarily:

  - The Environmental Services Division in the United Kingdom (electricity produced by waste incineration);
  - The Water Division in Germany.

34.1.1.2 Commitments given relating to the consolidation scope

Vendor warranties: these mainly include:

- Warranties given in connection with the divestiture of the investment in Berlin Water in the amount of €484.0 million;
- Warranties linked to the sale in 2004 of Water activities in the United States in the amount of €257.5 million;
- Warranties given to Caisse des dépôts et consignations concerning Veolia Transport in connection with the March 3, 2011 combination of Veolia Transport and Transdev Group, estimated at approximately €201.3 million;
- Warranties given in connection with the divestiture of regulated Water activities in the United Kingdom in the amount of €115.5 million. In addition Veolia Environnement gave the buyer a 4-year vendor warranty covering tax risks up to the amount of the purchase consideration;
- Warranties given in connection with the divestiture of solid waste activities in the amount of €68.9 million;
- Warranties given in connection with the divestiture of American and European wind energy activities in the amount of €67.7 million.

Purchase commitments: these include commitments given by Group companies to purchase shares in other companies or to invest. As of December 31, 2013, these commitments total €7.9 million.

Agreements with EDF: Veolia Environnement granted EDF a call option covering all of its Dalkia shares in the event an EDF competitor takes control of the company.

Likewise EDF granted Veolia Environnement a call option covering all of its Dalkia shares, exercisable in the event of a change in the legal status of EDF and should a Veolia Environnement competitor, acting alone or in concert, take control of EDF. Failing an agreement on the share transfer price, this would be decided by an expert.

Agreements with Caisse des dépôts et consignations: Veolia Environnement granted Caisse des dépôts et consignations a call option covering all its Transdev Group shares exercisable in the event of a change in control of Veolia Environnement.

34.1.1.3 Financing commitments

Debt guarantees: these relate to guarantees given to financial institutions in connection with the borrowings of non-consolidated companies, equity associates, or the non-consolidated portion of borrowings of proportionately consolidated companies when the commitment covers the entire amount.

Letters of credit: letters of credit delivered by financial institutions to Group creditors, customers and suppliers guaranteeing operating activities.

Commitments given break down by Division as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Water	8,244.7	7,177.4	7,209.0
Environmental Services	515.9	572.4	619.3
Energy Services	462.3	419.8	310.4
Other	2,202.9	1,774.4	1,632.2
TOTAL	**11,425.8**	**9,944.0**	**9,770.9**

In addition to vendor warranties given on the divestiture of Berlin Water, the €1,067.3 million increase in Water Division commitments concerns operating guarantees given on new contracts in the amount of €632.3 million.

Commitments on lease contracts entered into by the Group are analyzed in Notes 18 and 32.

34.1.1.4 Collateral guaranteeing borrowings

As of December 31, 2013, the Group has given €188 million of collateral guarantees in support of borrowings including €109.5 million in support of borrowings of its joint ventures.

The breakdown by type of asset is as follows (€ million):

Type of pledge / mortgage *(€ million)*	**Amount pledged (a)**	**Total Consolidated Statement of Financial Position amount (b)**	**Corresponding % (a) / (b)**
Intangible assets	-	719	0.0%
Property, plant and equipment	23	4,160	0.6%
Financial assets *	139		
TOTAL NON-CURRENT ASSETS	**162**		
Current assets	26	17,138	0.2%
TOTAL ASSETS	**188**		

* *As a majority of financial assets pledged as collateral are shares of consolidated subsidiaries and other financial assets, the ratio is not significant.*

The breakdown by maturity is as follows:

(€ million)	As of December 31, 2011, re-presented	As of December 31, 2012, re-presented	As of December 31, 2013	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	**27**	**21**	**23**	**-**	**2**	**21**
Mortgage pledge	17	11	10	-	1	9
Other PP&E pledge (1)	10	10	13	-	1	12
Financial assets (2)	**149**	**262**	**139**	**18**	**54**	**67**
Current assets	**30**	**24**	**26**	**26**	**-**	**-**
Pledges on receivables	29	23	25	25	-	-
Pledges on inventories	1	1	1	1	-	-
TOTAL	**206**	**307**	**188**	**44**	**56**	**88**

(1) *Mainly equipment and traveling systems.*

(2) *Including non-consolidated investments of €128.3 million and other financial assets (primarily operating financial assets) of €10.8 million as of December 31, 2013.*

34.1.2 Commitments received

Off-balance sheet commitments received break down as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Guarantees received	**1,456.4**	**1,584.5**	**1,495.7**
Operational guarantees	902.9	941.3	944.2
Guarantees relating to the consolidation scope	219.9	160.2	244.2
Financing guarantees	333.6	483.0	307.3

Commitments mainly consist of commitments received from our partners in respect of construction contracts.

The change in 2013 was mainly due to:

- An increase in operational guarantees (+€38 million);
- A decrease in undrawn credit facilities granted (-€107million);
- The pledge received on Marine Shipco securities guaranteeing the vendor loan in the context of the divestiture of Marine Services (+€23.3 million);
- Guarantees relating to Ridgeline and its subsidiaries negotiated between Veolia Environnement and Atlantic Power in respect of the divestiture on December 31, 2012 (+€16 million);
- Guarantees relating to Proactiva Medio Ambiente negotiated between Veolia Environnement and Fomento de Construcciones y Contratas (FCC) in respect of the purchase of FCC's 50% stake in Proactiva Medio Ambiente on November 28, 2013 (+€22.5 million);
- Extinguishment of guarantees received from FCC following the purchase of 50% of the Proactiva Medio Ambiente sub-group (-€21 million);
- Changes in consolidation scope (-€73.6 million);
- Foreign exchange translation adjustments (-€37.8 million).

Commitments primarily include the portion of vendor warranties concerning Transdev Group given by Caisse des dépôts et consignations and still in effect, estimated at approximately €115 million.

In addition, the Group has undrawn medium and short-term credit lines and syndicated loan facilities in the amount of €4.3 billion (see Note 28.4.2).

34.2 Commitments relating to joint ventures

Group commitments given in respect of joint ventures (100%) are as follows:

(€ million)	As of December 31, 2013	As of December 31, 2012, re-presented	As of December 31, 2011, re-presented
Commitments relating to operating activities	571.5	574.7	703.0
Commitments relating to the consolidation scope	-	-	124.0
Financing commitments	471.2	387.0	263.0
Total commitments given	**1,042.7**	**961.7**	**1,090.0**

Commitments relating to operating activities as of December 31, 2013 mainly concern the Water Division in the amount of €566.7 million and in particular the Al Wathba VB Waste Water Co joint venture for €341.5 million.

Financing commitments as of December 31, 2013 mainly concern Veolia Environnement SA in the amount of €374.3 million which includes lines of credit to Transdev Group for €266.6 million, of which €180 million due: December 2014, and €107.8 million of debt guarantees in respect of Dalkia China subsidiaries, and the Energy Services Division in the amount of €79.4 million.

Commitments relating to the consolidation scope as of December 31, 2011 concern the Redal and Amendis joint ventures, fully consolidated from fiscal year 2012.

Note 35 Contingent assets and liabilities

In accordance with IAS 37 criteria, management does not consider it appropriate to record a provision or, as the case may be, an additional provision, or to recognize deferred income in respect of the following legal or arbitration proceedings as of December 31, 2013, due to the uncertain nature of their outcome.

The main contingent assets and liabilities relating to legal or arbitration proceedings are presented below:

Water - Berliner Wasserbetriebe A.ö.R

The transfer to the *Land* of Berlin of Veolia Wasser GmbH's entire interest in RWE-Veolia Berlinwasser Beteiligungs GmbH ("RVB") took place on December 2, 2013.

Subsequent to the administrative investigation by the German Federal Cartels Office ("the FCO") initiated in March 2010 against Berliner Wasserbetriebe A.ö.R ("BWB") and the FCO's decision of June 4, 2012 enjoining BWB to decrease its average annual proceeds, BWB introduced on June 12, 2012, judicial proceedings on the merits against this decision before the Düsseldorf Court of appeals. The proceedings are pending and BWB is defending its position. In this context, Veolia Wasser GmbH was admitted to the proceedings as a third party and will maintain this position until the procedure is completed. This status has no legal consequences for the Group.

Concerning the procedure pending before the arbitration court initiated in April 2009 by RVB against the *Land* of Berlin for approval of its method of recalculation reflecting depreciation on a replacement cost basis in tariffs charged to users ("*Wiederbeschaffungszeitwerte*" ou "WBZW"), it is now up to RVB (now 100% owned by the *Land*) to make the decision of withdrawing from the proceedings and from its action. The Group is no longer affected as a consequence of this procedure.

Environmental Services – Italy

As a result of the severe economic imbalances in the concession contracts of its two principal subsidiaries, Termo Energia Calabria ("TEC") and Termo Energia Versilia ("TEV"), and as result of chronic late payments by the concession authorities vis-à-vis those, the group of companies Veolia Servizi Ambientali Tecnitalia S.p.A ("VSAT"), which specializes in waste incineration in Italy, filed a request for an amicable settlement procedure, called *concordato preventivo di gruppo* ("CPG"). One of the advantages of the CPG is that it allows the procedures to be joined before a single judge, the same court appointed administrator(s) and uses a single mass of debts and receivables for all concerned entities. Concomitantly, on January 31, 2012 and on May 15, 2012, TEC and TEV terminated their respective concession contracts and returned the equipment respectively on November 23, 2012 and June 29, 2012.

Following the adoption of amendments of the relevant legal framework of *concordato preventivo* in summer 2012, a new CPG was filed on September 17, 2012 with La Spezia Civil Court and admitted on December 5, 2012. The creditors' vote was set for February 11, 2013, plus 20 days for postal vote, i.e. until March 4, 2013. On March 20, 2013, La Spezia Civil Court acknowledged that the majority of creditors, in number and in value, had voted in favor of the CPG. A hearing to discuss objections was held on May 20, 2013. On July 17, 2013, the Court overruled these objections, thereby closing the procedure in favor of the CPG. Several creditors appealed this ruling before the Genoa Court. On January 9, 2014, the Genoa Court reversed the decision. VSAT has already filed a request for ordinary revocation before the Genoa Court of appeal, based on the existence of a manifest material mistake; a first audience has been scheduled on April 8th 2014.

Simultaneously, VSAT will file a claim before the Supreme Court. As this appeal has a suspensive effect, the CPG remains approved until the Supreme Court renders its decision.

Moreover, a hearing before La Spezia Civil Court is scheduled on February 18, 2014.

The events occurred since the beginning of 2014 do not jeopardize the accounting impacts registered in the consolidated accounts as at December 31, 2013.

Other segments – Société Nationale Maritime Corse Méditerranée (« SNCM »)

Corsica Ferries has brought a number of legal proceedings against *Société Nationale Maritime Corse Méditerranée* ("SNCM"), a subsidiary of Transdev Ile de France.

Corsica Ferries requested the invalidation of the June 7, 2007 decision awarding a contract (a public service delegation agreement) for marine service to Corsica to the SNCM/CMN group for the 2007-2013 period. This request was denied by a judgment of the Bastia administrative court on January 24, 2008. Corsica Ferries appealed this decision to the Marseille administrative court of appeals. In an order dated November 7, 2011, the administrative court of appeals quashed the judgment of the Bastia administrative court, instructing the concession authority either to negotiate a voluntary agreement for the termination of the public service delegation agreement from September 1, 2012, or to institute proceedings before the Bastia administrative court within six months of the notification (i.e. before May 7, 2012) to take the appropriate measures. As a result, on February 24, 2012, the concession authority filed a motion with the Bastia administrative court for termination of the public service delegation agreement, but subsequently withdrew this motion on January 14, 2013. On January 5, 2012, SNCM appealed the November 7, 2011 order to the French Administrative Supreme Court. On July 13, 2012, the French Administrative Supreme Court quashed the November 7, 2011 decision of the Marseille administrative court of appeals and remanded the matter back to that court. A procedural hearing took place on September 24, 2012. An order for the termination of the proceedings or notice of hearing from the Marseille administrative court of appeal is on hold.

The acquisition by Veolia Transport (now Transdev Ile de France) of an interest in SNCM from *Compagnie Générale Maritime et Financière* ("CGMF")in 2006 was notably conditioned on the concession authority maintaining the marine service to Corsica under a public service delegation agreement. On January 13, 2012, in the absence of an appeal by the concession authority, Veolia Transport notified CGMF of its decision to exercise the cancellation clause in the privatization Memorandum of Understanding of May 16, 2006. On January 25, 2012, CGMF contested the exercise of this cancellation clause. On May 11, 2012, Veolia Transport brought a legal action before the Paris commercial court against CGMF. The next hearing was scheduled for September 23, 2013 and was postponed to February 10, 2014. During this hearing, the proceedings were suspended and are now pending.

Moreover, the new public service delegation agreement, allocated to SNCM/CMN for a ten-year term from January 1, 2014, was signed on September 24, 2013. Corsica Ferries brought, on November 15, 2013, an action before the Bastia administrative court for annulment of the new public service delegation agreement and the European Commission is examining the validity thereof.

Corsica Ferries has also contested the validity of a European Commission decision of July 8, 2008, which held that certain payments by the French Government in connection with the SNCM privatization process did not constitute State aid within the meaning of article 107 of the Treaty on the Functioning of the European Union ("TFEU") and authorized other payments made by the French Government prior to the privatization. Under the TFEU, governments may only provide subsidies (known as "State aid") to commercial entities in specific circumstances, with European Commission prior authorization. On September 11, 2012, the General Court of the European Union partially annulled the European Commission decision of July 8, 2008. As a result, the reconsideration of the measures provided (which includes the measures provided within the context of the privatization process and part of the measures provided prior to the privatization) was remanded to the European Commission, which has opened a new investigation of the matter. On November 22, 2012, SNCM and the French Republic each appealed this judgment. On January 15, 2014, the Advocate General contended that the appeal should be dismissed. The decision of the Court of Justice of the European Union is due in a few months. Shortly before, on November 20, 2013, the European Commission rendered a new decision qualifying the measures adopted by the State in the context of the restructuring and privatization of SNCM as illegal state aid incompatible with the common market. Consequently, it ordered that SNCM return this illegal state aid (in an amount assessed qby the Commission at approximately €220 million, excluding interest) to the French authorities. The French Authorities filed an appeal against this decision before the General Court of the European Union. As the decision has not been published yet, the time limitation vis-à-vis interested third-parties such as SNCM has not started yet.

On June 27, 2012, the European Commission announced that it had opened investigative proceedings aimed at determining whether the payments received by SNCM and CMN for the maritime service from Marseille to Corsica, in the context of the public service delegation for the 2007-2013 period, were in line with the European Union state aid rules. In a decision dated May 2, 2013, the Commission found the subsidies received for the "basic service" to be compatible with state aid rules but ordered France to recover certain aids received by SNCM for the "additional service". According to the Commission, these aids could amount to approximately €220 million, excluding interest. On July 12, 2013, the French state filed, respectively with the General Court of the European Union and with its president, a motion to dismiss the decision of the Commission and a motion for stay of its execution. On August 14, 2013, the

Company was informed that the territorial collectivity of Corsica suspended the payment of the additional service to SNCM. On August 26, 2013, the Company also filed an application for annulment of the decision of the European Commission of May 2, 2013. On August 29, 2013, the motion for a stay of execution filed by the French Republic was rejected on the ground of lack of urgency and on January 21, 2014, the State's appeal against the order of August 29, was rejected by the Court of Justice of the European Union. It should be noted that, should the French authorities issue a revenue order intended to enforce the decision of May 2, SNCM would then have the option of filing a motion having a suspensive effect before the domestic court. SNCM also has the option of seeking a temporary suspension injunction in summary proceedings before the General Court of the European Union. On November 20, 2013, the Commission announced its decision to file an action for failure to fulfill obligations against France, having acknowledged that the French State had not recovered the disputed amounts within the legal time limitations. To date however, it still has not referred the matter to the Court of Justice.

SNCM recently filed several actions against the *Office des Transports de Corse* ("OTC"). On October 27, 2013, it filed an action on the merits before the Bastia administrative court against the implicit rejection decision resulting from OTC's silence on SNCM's claim relating to the compensation of the financial consequences of the strikes in the 1st quarter 2011, seeking the payment of a €16.6 million indemnity and the annulment of the penalties applied by OTC in an amount of €7.4 million with regard to the disturbances observed. On November 27, 2013, SNCM filed an action on the merits before the Bastia administrative court against the implicit rejection decision resulting from OTC's silence on SNCM's claim of November 12, 2013 relating to the compensation for the additional cost of fuels for 2011 and 2012, for an indemnification amount of €22.7 million. Finally, on December 10, 2013, SNCM requested an interim payment order from the Bastia administrative court for purposes of indemnification of the delays in the payment of the flat rate contribution for the additional service in an amount of €18.1 million excluding tax.

In addition, in an action before the French Competition Council, Corsica Ferries has contended that SNCM and CMN had formed an unjustified grouping that constituted an anti-competitive cartel, that this grouping constituted an abuse of a dominant position and, lastly, that presenting a bid requesting excessive subsidies (suggesting the existence of cross-subsidies) also constituted an abuse of a dominant position. On April 6, 2007, the French Competition Council dismissed the two claims concerning the grouping. Proceedings on the merits and the investigation of the French Competition Authority (the successor to the French Competition Council) on the claim of excessive subsidies are underway. The investigation is also focusing on the performance terms of the public service delegation agreement (monitoring the application of the guaranteed receipts clause and the corresponding changes in the amount of subsidies received by the parties being awarded the contract). As of this date, no statement of objections has been served.

Recently, on December 18, 2013, the board of directors of Transdev Group authorized, in the context of the conciliation opened on October 11, 2013 by the Presiding Judge of the Marseille Commercial court, the opening of a €13 million credit facility to SNCM, to allow it to face its short-term liquidity requirements. This amount, in addition to the € 17 million advanced to SNCM on October 29, 2013, is part of the conditional commitment made on June 14, by the President of Transdev Group to pay €30 million to SNCM before the end of 2013. As indicated in Transdev press release dated the same day, the Directors and particularly the representatives of the shareholders Veolia Environnement and Caisse des dépôts et consignations have unanimously declared that no further financial support will be brought to SNCM.

On December 31, the French Prime Minister promised a €30 million financial contribution to SNCM and asked for an adaptation of the long-term plan ("PLT"). Trade unions rejected this approach and led a 9-day strike from January 1, that blocked SNCM's activity. The strike came to an end thanks to the State's acceptance to set up a Caisse des Dépôts et Consignation / Banque Publique d'Investissement working group in charge of studying, before April 15, 2014, financing solutions for the 4 new ships planned in the PLT in expectation of an order before June 30, as well as to the promise of the adoption of a decree imposing the application of French Labour law to cabotage activities in French waters. On January 23, 2014, the State became a direct shareholder of SNCM. On the day after, the State granted SNCM a €10 million shareholder's advance reimbursable at the end of 2014.

The State thus participates directly in the financing of SNCM and in the definition of its industrial strategy. During the meeting of the Supervisory Board of SNCM on January 22, 2014, Transdev's representatives expressed that they no longer believed in SNCM's long-term plan, notably due to the numerous legal uncertainties and to certain commercial and financial assumptions deemed excessively optimistic.

Veolia Environnement's financial statements were approved based on the reasonable assumption that Veolia Environnement will cease all financing and that any solution of discontinuity will be carried out under appropriate insolvency proceedings.

In this context, the Group used the accounting treatment as described in note 3.3 above.

Other segments – State aids on airports

The European Commission is currently conducting several investigations on potential State aid within the meaning of article 107 of the TFEU in the air transport sector. On April 4, April 25 and May 30, 2012, the European Commission opened several investigations into certain subsidies received by customer airlines and successive operators of the Carcassone, Nîmes and Beauvais airports, including companies partly or wholly owned by Transdev Group. Following the announcement of these investigative proceedings in the Official Journal of the European Union, the relevant subsidiaries of Transdev Group submitted their comments to the European Commission as third party interveners.

At this point, the Company is not able to assess the consequences of these proceedings on the Company's financial position or results of operations.

Note 36 Greenhouse gas emission rights

The process governing the grant and valuation of these rights is presented in Note 1.24, Greenhouse gas emission rights.

The position in **2013** is as follows:

Volume (in thousands of metric tons)	As of January 1, 2013	Changes in consolidation scope	Granted	Purchased / sold /cancelled	Used in	**As of December 31, 2013**
Total	**724 (*)**	**0**	**+1,267**	**+548**	**(1,953)**	**586**

(*) Opening balance as of January 1, 2013 re-presented, excluding Dalkia International, following application of the new consolidation standards.

January 1, 2013 was marked by the launch of Phase III of the Emissions Trading Scheme (ETS) covering the period 2013-2020. Accordingly, the portion of allowances granted free of charges decreased substantially in 2013 and will subsequently reduce progressively each year.

Total allowances granted free of charge were set by the European Commission on September 5, 2013 (Decision 2013/448/EU). Free allocations in respect of phase III (2013/2020) are estimated at €29 million. Future allocations were measured using the spot price as of December 31, 2013.

Note 37 Related party transactions

37.1 “Related party” concept

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, *Related Party Disclosures*.

37.2 Compensation and related benefits of key management personnel

Group Executive Committee members and directors represent the key management personnel of the Group.

The following table summarizes amounts paid by the Group in respect of compensation and other benefits granted to members of the Company Executive Committee.

Short-term benefits include fixed and variable compensation, employee benefits and directors’ fees. Variable compensation comprises amounts paid in fiscal year Y in respect of respect of fiscal year Y-1. The increase in “short-term benefits excluding employer contributions” between December 31, 2012 and December 31, 2013 is mainly due to the new composition of the Group Executive Committee, including 11 members as of December 31, 2013, compared to 9 members as of December 31, 2012.

(€ million)	**Year ended December 31, 2013**	**Year ended December 31, 2012**	**Year ended December 31, 2011**
Short-term benefits, excluding employer contributions	6.2	4.7	6.9
Employer contributions	1.9	1.7	2.4
Post-employment benefits [(a)]	0.8	1.5	1.4
Other long-term benefits [(b)]	-	-	-
Share-based payments	-	-	0.1
Others	1.0	-	-
TOTAL	**9.9**	**7.9**	**10.8**

(a) Current service cost.
(b) Other compensation vested but payable in the long-term.

As of December 31, 2013, total pension obligations in respect of members of the Executive Committee amount to €3.0 million, compared with €31.1 million as of December 31, 2012. Movements between 2012 and 2013 are primarily due to the closure of the two supplementary defined benefits collective pension plans (see note 30.2).

With the exception of the Chairman, the members of the Board of Directors receive no compensation other than directors’ fees from the Company and, if applicable, from controlled companies. The total gross amount of directors’ fees (before withholding tax) paid by the Company and controlled companies to directors and the censor was €729,899 in 2013 (excluding the Chairman), €734,150 in 2012 (excluding the Chairman) and €870,661 in 2011 (excluding the Chairman and the Chief Executive Officer).

Chapter 15 of the Registration Document contains detailed disclosures on the various compensation and benefits paid to key management personnel of the Group.

37.3 Transactions with other related parties

37.3.1 Relations with joint ventures and equity associates

In 2013, the Group granted loans totaling €2,725.0 million to joint ventures, including €1,944.4 million to Dalkia International and its subsidiaries and €622.0 million to Transdev Group, accounted for using the equity method. These loans are recorded in assets in the Group Consolidated Statement of Financial Position (see Note 12, *other non-current and current financial assets*).

In addition, given the Group's businesses, operating flows between companies are generally limited to companies operating in the same country. As such, the level of operating transactions between the Group and equity-accounted companies is not material.

However, certain contractual agreements within the Water Division, particularly in Asia and Central Europe, impose the existence of a holding company (generally equity accounted or proportionately consolidated) and companies carrying the operating contract (generally fully consolidated). These complex legal arrangements generate "asset supply" flows between the companies generally jointly controlled or subject to significant influence and the companies controlled by the Group. Assets are generally supplied for a specific remuneration that may or may not include the maintenance of the installations in good working order or the technical improvement of the installations.

37.3.2 Transactions with other related parties

Caisse des dépôts et consignations (9.08% shareholding as of December 31, 2013)

The Caisse des dépôts et consignations, considered a related party, sits on the Board of Directors of Veolia Environnement as a legal entity.

The financing agreements between the two groups bear interest at market conditions.

On May 4, 2010, the Caisse des dépôts et consignations and Veolia Environnement concluded their agreement on the Transdev-Veolia Transport combination by the creation of a 50/50 joint venture combining Transdev and Veolia Transport.

This combination was effectively completed on March 3, 2011. From this date and in accordance with IAS/IFRS, Veolia Environnement through its reduced 50% stake exercises joint control together with Caisse des dépôts et consignations over Veolia Transdev.

The combination gave rise on the same date to contract amendments and agreements resulting from the shareholders' agreement between Veolia Environnement and Caisse des dépôts et consignations.

This shareholders' agreement determines in particular the financing policy of the new entity and the terms and conditions of the call option granted to Caisse des dépôts et consignations over all shares in Veolia Transdev and its subsidiaries held by Veolia Environnement, exercisable in the event of a change in control of this latter (see Note 35, Off-balance sheet commitments and collateral).

Three agreements were signed by Veolia Environnement and Caisse des dépôts et consignations in 2012:

- On March 30, 2012, an agreement for negotiation was signed that envisions the transfer of Veolia Transdev's 66% shareholding in SNCM to Veolia Environnement, for a consideration of €1;

- On October 22, 2012, Veolia Environnement (VE) and Caisse des dépôts et consignations (CDC) signed a new agreement for negotiation under which Caisse des dépôts et consignations and Veolia Environnement would subscribe to a €800 million share capital increase by conversion of existing shareholder loans. Following this transaction, the Caisse des dépôts et consignations would hold 60% of the share capital of Veolia Transdev and would take exclusive control of that company. Veolia Environnement would retain a 40% shareholding. The agreement also provides for asset disposals by Veolia Transdev and refinancing to repay the Veolia Environnement shareholder loan. Concomitantly to the signature of this agreement, Veolia Environnement and Caisse des Dépôts et Consignations agreed to negotiate in good faith a decrease in Veolia Environnement's stake in Veolia Transdev to 20%, through the purchase by Caisse des dépôts et consignations of Veolia Transdev shares held by Veolia Environnement within a period of two years from the completion of the above transaction. This agreement specified that the sale of SNCM to VE was a condition precedent to the refinancing and takeover of Transdev Group by CDC;

As the transactions set out in the agreements of March and October 2012 could not be performed before expiry of these agreements, VE, CDC and Transdev signed a new agreement on July 9, 2013 extending the deadline for completing these transactions to October 31, 2013. The sale of SNCM to VE could not be completed before this date and accordingly the agreement was rendered null and void. Discussions nonetheless continue and the parties signed an agreement on December 16, 2013 extending the term of their respective loans and performing a concomitant share capital increase.

- Finally, on October 31, 2012, a memorandum of understanding concerning the new Group headquarters project in Aubervilliers and the terms of cooperation between the parties was signed by Veolia Environnement and Icade SA, a subsidiary of Caisse des dépôts et consignations. This memorandum led to the signature on January 31, 2013 of two simultaneous agreements defining the terms of compensation of Icade should Veolia Environnement withdraw from this project and the terms of a nine-year firm lease for premises to be completed.

All these relations are subject to normal market terms and conditions.

Electricité de France

On November 25, 2009, Mr. Proglio was appointed Chairman and Chief Executive Officer of EDF Group by ministerial decree; he also acted as Chairman of the Veolia Environnement Board of Directors from November 27, 2009 (publication date of the decree) to December 12, 2010. Mr. Proglio was a director of the Company from that date to October 10, 2012 when he resigned his office.

EDF Group is no longer a shareholder of Veolia Environnement as of December 2013. There are under certain conditions cross-call options between Veolia Environnement and EDF covering all subsidiary shares held by each party and exercisable in the event of the takeover of either party (see Note 34, *Off-balance sheet commitments*).

Relations with BNP Paribas, Groupama, ENI and Saint-Gobain

These Groups and Veolia Environnement have common directors.

Any business relations, including financing and advisory relations, between these groups and Veolia are at normal market conditions.

Relations with Soficot

Soficot is a company providing services to Veolia Environnement and the Group. The company's Chairman is Serge Michel who sits on the Board of Directors of Veolia Environnement. The services provided by Soficot to Veolia Environnement in 2013 are described in the Special Auditors' Report on Regulated Agreements.

In addition, in 2013 Soficot provided services and assistance to Veolia Eau-compagnie générale des eaux (VE-CGE) for the Eau France zone. These services involved: (1) producing a diagnostic of the situation of Veolia Eau France and drawing up a transformation and turnaround plan for that business, (2) restructuring and optimizing all its information systems and (3) providing systems management and online document management services, in particular for the company's contracts.

Soficot was paid €1,389,000 for those services in 2013.

Lastly, in 2013, Dalkia International used the services of Soficot to help it overcome its operational problems in Italy and more generally in its southern zone.

The amount invoiced under that agreement in 2013 was €1,278,543.

With the turnaround of Siram largely under way, a new, reduced agreement was signed to replace the original 2010 contract, which was terminated in July 2013. Starting from that date, and in order to ensure the continuity of the recovery efforts in place since 2010, Dalkia International entrusted Soficot with the task of providing assistance and support to the new senior management team of SIRAM by making available a part-time manager to perform the functions of non-executive Chairman of the Board of Directors of that company. The amount invoiced under this new contract in 2013 was €147,230.

Note 38 Consolidated employees

Consolidated employees* break down as follows:

By Division	2013 (**)	2012 (**)	2011 (**)
Water	66,896	66,236	66,559
Environmental Services	55,606	63,122	65,755
Energy Services	15,265	16,477	17,376
Other	4,662	3,445	3,074
CONSOLIDATED EMPLOYEES (*)	**142,429**	**149,280**	**152,764**

By company	2013	2012	2011
Fully consolidated companies	142,226	148,896	152,553
Joint operations	203	384	211
CONSOLIDATED EMPLOYEES (*)	**142,429**	**149,280**	**152,764**

(*) Consolidated employees, excluding employees of equity-accounted subsidiaries..
(**) The above figures include employees of discontinued operations of 7,595 in 2013, 9,274 in 2012 and 10,870 in 2011.

The decrease in the number of employees in 2013 mainly concerns the Environmental Services Division and is primarily due to the divestiture of solid waste activities in November 2012.

The decrease in the number of employees in 2012 was mainly due to the impact of changes in Group structure and in particular the divestiture of Proxiserve in December 2011 and the divestiture of regulated Water activities in the United Kingdom in 2012.

Note 39 Reporting by operating segment

The operating segments are components of the Group that engage in activities and whose operating results are reviewed by the Group Chairman and Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance.

Information presented to the Chief Operating Decision Maker is taken from the Group internal reporting system.

Until December 31, 2012, the presentation by operating segment corresponded to the Group's traditional four businesses, that is, Water, Environmental Services, Energy Services and Other Segments.

As disclosed in Note 1.25, following the first-time application of the new consolidation standards with effect from fiscal year 2013, the Group now accounts for joint ventures using the equity method and not the proportionate consolidation method, as previously. However, the Dalkia International and Chinese Water concession joint ventures form an integral part of the Group's strategic development objectives. Accordingly, their operating performance is followed by the Group Chairman and Chief Executive Officer inside their respective segment.

The announcement on July 8, 2013 of the new organizational structure of the Group, does not change the terms of performance monitoring or resource allocation for the current year, which are based on decisions taken at the beginning of the fiscal year.

In accordance with the provisions of IFRS 8 on the identification of operating segments and after taking account of regrouping criteria, the following segments are now presented:

- The Water segment integrates drinking water and wastewater activities such as water distribution, water and wastewater treatment, industrial process water, manufacturing of water treatment equipment and systems;
- The Environmental Services segment collects, processes and disposes of household, trade and industrial waste;
- The Energy Services segment, comprising the activities of Dalkia and TNAI in the United States;
- Other Segments groups together the activities of Proactiva MedioAmbiente and the various Group holding companies.

Segment reporting for prior periods was restated for this change.

In accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, the income statements of activities in the course of divestiture and activities divested were transferred to "Net income (loss) from discontinued operations" (see Note 24).

Segment reporting will be modified from 2014 to take account of the reorganization of the Group (see Note 3.2)

39.1 Reporting by operating segment

2013

(€ million)	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Revenue	10,221.9	8,075.5	3,756.5	260.9	**22,314.8**	**3,450.2**	**555.0**
Operating cash flow before changes in working capital	900.9	828.7	276.8	(36.0)	**1,970.4**	**362.3**	**116.4**
Adjusted operating cash flow	833.1	846.7	228.7	(112.2)	**1,796.3**	**357.1**	**114.4**
Net charges to operating provisions	*(94.4)*	*(6.9)*	*(2.6)*	*51*	*(52.9)*	*(0.9)*	*0*
Net depreciation and amortization	*(491.2)*	*(587.3)*	*(89.9)*	*(51.4)*	*(1,219.8)*	*(157.5)*	*(54.4)*
Impairment of goodwill and negative goodwill	*(0.5)*	*(168.0)*	*0.0*	*0.1*	*(168.4)*	*(8.6)*	*(12.2)*
Capital gains (losses) on disposal of non-current assets	*51.4*	*80.3*	*18.5*	*1.0*	*151.2*	*(13.2)*	*0.1*
Other	*(8.2)*	*(8.2)*	*0.1*	*0.4*	*(15.9)*	*0.2*	*0*
Operating income	290.2	156.6	154.8	(111.1)	**490.5**	**177.1**	**47.9**
Share of net income (loss) of equity-accounted entities	*26.3*	*32.7*	*35.8*	*83.9*	**178.7**	*8.1*	*0.5*
Operating income after share of net income (loss) of equity-accounted entities	316.5	189.3	190.6	(27.2)	**669.2**	**185.2**	**48.4**
Industrial investments	(403.4)	(556.8)	(220.4)	(46.3)	**(1,226.9)**	**(200.3)**	**(47.2)**

2012

(€ million)	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Revenue	**10,696.2**	**8,512.0**	**3,852.0**	**178.7**	**23,238.9**	3,662.2	549.3
Operating cash flow before changes in working capital	**880.7**	**1,011.0**	**263.6**	**17.8**	**2,173.1**	278.5	113.2
Adjusted operating cash flow	**853.6**	**911.3**	**244.8**	**(91.0)**	**1,918.7**	273.6	111.0
Net charges to operating provisions	*(5.8)*	*(65.8)*	*13.0*	*(10.4)*	*(69.0)*	*(1.4)*	*0.0*
Net depreciation and amortization	*(448.2)*	*(580.0)*	*(97.0)*	*(48.7)*	*(1,173.9)*	*(158.4)*	*(54.1)*
Impairment of goodwill and negative goodwill	*(51.6)*	*(13.2)*	*0.0*	*0.0*	*(64.8)*	*(16.6)*	*0.0*
Capital gains (losses) on disposal of non-current assets	*63.1*	*9.0*	*48.7*	*(1.3)*	*119.5*	*(36.0)*	*0.2*
Other	*(24.2)*	*5.8*	*0.7*	*(1.5)*	*(19.2)*	*2.7*	*0.0*
Operating income	**386.9**	**267.1**	**210.2**	**(152.9)**	**711.3**	**63.9**	**57.1**
Share of net income (loss) of equity-accounted entities	*32.4*	*48.4*	*(100.2)*	*7.5*	*(11.9)*	*7.6*	*0.0*
Operating income after share of net income (loss) of equity-accounted entities	**419.3**	**315.5**	**110**	**(145.4)**	**699.4**	**71.5**	**57.1**
Industrial investments	**(497.9)**	**(668.9)**	**(287.6)**	**(226.3)**	**(1,680.7)**	**(270.4)**	**(57.9)**

2011						Joint ventures (Data in Group share)	
(€ million)	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Dalkia International	Chinese Water concessions
Revenue	**10,372.2**	**8,448.3**	**3,531.1**	**130.8**	**22,482.4**	3,416.0	**500.8**
Operating cash flow before changes in working capital	**1,026.2**	**1,010.8**	**272.5**	**37.9**	**2,347.4**	292.5	**99.6**
Adjusted operating cash flow	**903.8**	**879.8**	**256.7**	**(94.5)**	**1,945.8**	297.4	**97.2**
Net charges to operating provisions	*75.7*	*(123.3)*	*(4.8)*	*(25.5)*	*(77.9)*	*(26.0)*	*(1.0)*
Net depreciation and amortization	*(422.8)*	*(548.1)*	*(94.0)*	*(38.0)*	*(1,102.9)*	*(135.4)*	*(47.8)*
Impairment of goodwill and negative goodwill	*(17.0)*	*(75.9)*	*(153.1)*	*0.0*	*(246.0)*	*(212.0)*	*0.0*
Capital gains (losses) on disposal of non-current assets	*12.8*	*54.0*	*5.2*	*(0.1)*	*71.9*	*7.4*	*0.0*
Other	*(19.2)*	*2.5*	*(1.6)*	*(0.6)*	*(18.9)*	*(5.1)*	*0.0*
Operating income	**533.3**	**189.0**	**8.4**	**(158.7)**	**572.0**	(73.7)	**48.4**
Share of net income (loss) of equity-accounted entities	*(14.7)*	*42.6*	*(170.0)*	*5.6*	(136.5)	*2.4*	*0.0*
Operating income after share of net income (loss) of equity-accounted entities	**518.6**	**231.6**	**(161.6)**	**(153.1)**	**435.5**	**(71.3)**	**48.4**
Industrial investments	**(476.0)**	**(742.8)**	**(204.7)**	**(143.8)**	**(1,567.3)**	**(332.7)**	**(88.7)**

2013

Assets by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Goodwill, net	1,668.4	1,614.2	0.0	203.7	**3,486.3**	949.1	245.9
Intangible assets and Property, plant and equipment, net	2,842.8	3,138.7	529.0	468.6	**6,979.1**	1,857.2	1,760.6
Operating financial assets	1,067.8	647.8	1.2	79.2	**1,796.0**	156.4	23.4
Working capital assets, including DTA	5,068.8	2,310.3	95.9	762.8	**8,237.8**	1,564.4	194.2
Total segment assets	10,647.8	7,711.0	626.1	1,514.3	**20,499.2**	4,527.1	2,224.1
Investments in joint ventures	1,424.0	300.1	791.2	389.8	**2,905.1**	13.7	0
Investments in associates	285.2	76.3	21.7	1.8	**385.0**	51.5	3.3
Other unallocated assets				12,452.8	**12,452.8**	586.1	(946.6)
Total assets	**12,357.0**	**8,087.4**	**1,439.0**	**14,358.7**	**36,242.1**	**5,178.4**	**1,280.8**

2012

Assets by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Goodwill, net	1,718.6	1,808.4	374.0	10.9	3,911.9	951.1	261.9
Intangible assets and Property, plant and equipment, net	3,086.4	3,233.7	1,438.7	246.8	8,005.6	1,919.2	1,800.4
Operating financial assets	1,216.1	687.9	380.3	98.6	2,382.9	158.8	27.0
Working capital assets, including DTA	5,234.8	2,546.9	1,922.9	502.6	10,207.2	1,752.4	183.0
Total segment assets	**11,255.9**	**8,276.9**	**4,115.9**	**858.9**	**24,507.6**	**4,781.5**	**2,272.3**
Investments in joint ventures	1,397.0	325.2	968.9	223.7	2,914.8	17.0	0.0
Investments in associates	336.8	74.1	66.8	0.0	477.7	30.6	3.2
Other unallocated assets	0.0	0.0	0.0	10,576.6	10,576.6	674.6	(981.1)
Total assets	**12,989.7**	**8,676.2**	**5,151.6**	**11,659.2**	**38,476.7**	**5,503.7**	**1,294.4**

2011

Assets by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Goodwill, net	1,923.1	2,468.5	374.0	30.6	4,796.2	995.1	263.9
Intangible assets and Property, plant and equipment, net	4,245.7	3,894.4	1,313.4	278.0	9,731.5	1,813.6	1,812.2
Operating financial assets	1,078.5	715.7	363.4	99.1	2,256.7	102.2	29.8
Working capital assets, including DTA	5,368.3	2,709.7	1,928.5	559.4	10,565.9	1,894.8	167.1
Total segment assets	**12,615.6**	**9,788.3**	**3,979.3**	**967.1**	**27,350.3**	**4,805.7**	**2,273.0**
Investments in joint ventures	1,458.9	306.1	1,126.6	275.5	3,167.1	18.4	0.0
Investments in associates	221.3	60.1	66.3	13.1	360.8	30.3	4.0
Other unallocated assets	0.0	0.0	0.0	10,189.1	10,189.1	533.8	(960.2)
Total assets	**14,295.8**	**10,154.5**	**5,172.2**	**11,444.8**	**41,067.3**	**5,388.2**	**1,316.8**

2013

Liabilities by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Provisions for contingencies and losses	901.5	933.4	24.6	278.3	2,137.8	197.9	23.1
Working capital liabilities including DTL	5,715.0	2,224.5	176.8	614.8	8,731.1	1,290.7	520.6
Total segment liabilities	**6,616.5**	**3,157.9**	**201.4**	**893.1**	**10,868.9**	**1,488.6**	**543.7**
Other unallocated liabilities				25,373.2	25,373.2	3,689.8	737.1
Total liabilities	**6,616.5**	**3,157.9**	**201.4**	**26,266.3**	**36,242.1**	**5,178.4**	**1,280.8**

2012

Liabilities by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Provisions for contingencies and losses	797.3	923.5	289.3	249.5	2,259.6	224.9	22.1
Working capital liabilities including DTL	5,889.7	2,488.1	1,824.5	370.8	10,573.1	1,444.1	479.4
Total segment liabilities	**6,687.0**	**3,411.6**	**2,113.8**	**620.3**	**12,832.7**	**1,669.0**	**501.5**
Other unallocated liabilities				25,644.0	25,644.0	3,834.7	792.9
Total liabilities	**6,687.0**	**3,411.6**	**2,113.8**	**26,264.3**	**38,476.7**	**5,503.7**	**1,294.4**

2011

Liabilities by segment *(€ million)*	Water	Environmental Services	Energy Services	Other	Total Consolidated Financial Statements	Joint ventures (Data in Group share) Dalkia International	Chinese Water concessions
Provisions for contingencies and losses	805.4	1,025.7	286.5	209.7	2,327.3	204.2	21.1
Working capital liabilities including DTL	6,437.6	2,787.1	1,798.3	339.9	11,362.9	1,445.8	471.2
Total segment liabilities	**7,243.0**	**3,812.8**	**2,084.8**	**549.6**	**13,690.2**	**1,650.0**	**492.3**
Other unallocated liabilities				27,377.1	27,377.1	3,738.2	824.5
Total liabilities	**7,243.0**	**3,812.8**	**2,084.8**	**27,926.7**	**41,067.3**	**5,388.2**	**1,316.8**

39.2 Reporting by geographical area

2013		**Joint ventures (Data in Group share)**	
Revenue *(€ million)*	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**11,303.6**	2.5	0.0
Germany	**1,968.8**	0.0	0.0
United Kingdom	**1,988.4**	151.7	0.0
Central and Eastern Europe	**1,201.4**	1,586.1	0.0
Rest of Europe	**810.3**	1,322.1	0.0
United States	**1,699.6**	19.9	0.0
Oceania	**952.1**	54.7	0.0
Asia	**1,074.0**	104.1	555.0
Middle East	**364.2**	88.8	0.0
Rest of the world	**952.4**	120.3	0.0
Total	**22,314.8**	**3,450.2**	**555.0**

2013		**Joint ventures (Data in Group share)**	
Non-current assets *(€ million)*	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**7,921.6**	2,638.8	0.0
Germany	**1,496.3**	0.0	0.0
United Kingdom	**2,401.6**	156.7	0.0
Central and Eastern Europe	**1,093.8**	2,756.6	0.0
Rest of Europe	**1,393.5**	785.9	0.0
United States	**1,326.4**	34.1	0.0
Oceania	**412.5**	26.3	0.0
Asia	**2,388.1**	464.5	2,053.9
Middle East	**174.3**	50.9	0.0
Rest of the world	**495.5**	31.0	0.0
Total	**19,103.6**	**6,944.8**	**2,053.9**

(1) excluding elimination of securities held

2012		Joint ventures (Data in Group share)	
Revenue *(€ million)*	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**11,622.3**	2.7	0.0
Germany	**1,938.0**	8.6	0.0
United Kingdom	**2,049.7**	154.8	0.0
Central and Eastern Europe	**1,219.7**	1,630.1	0.0
Rest of Europe	**948.6**	1,407.8	0.0
United States	**1,774.1**	18.7	0.0
Oceania	**1,041.0**	57.1	0.0
Asia	**1,305.2**	113.0	549.3
Middle East	**346.4**	99.2	0.0
Rest of the world	**993.9**	170.2	0.0
Total	**23,238.9**	**3,662.2**	**549.3**

2012		Joint ventures (Data in Group share)	
Non-current assets *(€ million)*	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**9,770.6**	2,600.0	0.0
Germany	**1,727.8**	24.1	0.0
United Kingdom	**2,385.1**	172.4	0.0
Central and Eastern Europe	**1,137.9**	2,884.4	0.0
Rest of Europe	**1,164.4**	660.1	0.0
United States	**1,370.9**	34.9	0.0
Oceania	**494.2**	28.7	0.0
Asia	**2,398.1**	453.0	2,131.0
Middle East	**268.5**	21.3	0.0
Rest of the world	**595.5**	103.1	0.0
Total	**21,313.0**	**6,982.0**	**2,131.0**

(1) excluding elimination of securities held

2011		Joint ventures (Data in Group share)	
Revenue *(€ million)*	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**11,201.1**	3.3	0.0
Germany	**2,068.1**	9.5	0.0
United Kingdom	**1,954.6**	137.0	0.0
Central and Eastern Europe	**1,150.9**	1,414.2	0.0
Rest of Europe	**1,024.7**	1,436.1	0.0
United States	**1,650.9**	16.8	0.0
Oceania	**943.2**	49.8	0.0
Asia	**1,249.9**	98.7	500.8
Middle East	**298.7**	92.0	0.0
Rest of the world	**940.3**	158.6	0.0
Total	**22,482.4**	**3,416.0**	**500.8**

2011		Joint ventures (Data in Group share)	
Non-current assets (€ million)	**Total Consolidated Financial Statements**	**Dalkia Internat-ional**	**Chinese Water concess-ions**
France	**10,329.2**	2,463.9	0.0
Germany	**2,262.7**	23.2	0.0
United Kingdom	**3,694.3**	163.7	0.0
Central and Eastern Europe	**1,114.8**	2,780.7	0.0
Rest of Europe	**1,260.4**	647.3	0.0
United States	**2,660.7**	35.5	0.0
Oceania	**494.6**	28.9	0.0
Asia	**2,402.0**	357.7	2,145.2
Middle East	**91.5**	21.6	0.0
Rest of the world	**577.0**	103.1	0.0
Total	**24,887.2**	**6,625.6**	**2,145.2**

(1) excluding elimination of securities held

Note 40 Significant events

CPG Italy

On January 9, 2014, the Genoa Appeal Court cancelled the approval of the CPG. VSAT has already filed a request for ordinary revocation on February 3, 2014 before the Genoa Court of appeal, based on the existence of a manifest material mistake; a first audience has been scheduled on April 8th 2014.

Simultaneously, VSAT has filed a claim before the Supreme Court on March 4, 2014. As this appeal has a suspensive effect, the CPG remains approved until the Supreme Court renders its decision.

Moreover, a hearing before the La Spezia Court was held on February 18, 2014; the case has been adjourned for deliberation but a date has not been set for the decision to be rendered

The events occurred since the beginning of 2014 do not jeopardize the accounting impacts registered in the consolidated accounts for the year ended December 31, 2013.

SNCM

The agenda for SNCM's Supervisory Board meeting of February 25, 2014 included a proposal to give the Chairman of the Management Board the authority to sign a three-month long letter of intent with a shipyard for the construction of ships and the terms of the transformation of the letter of intent to an actual order.

Transdev's representatives voted against this proposal and the State's representatives abstained, resulting in the rejection of the proposal. A new Supervisory Board meeting was then convened for March 7, 2014.

Despite the opposition of Transdev's representatives, during the March 7, 2014 meeting, SNCM's Supervisory Board approved, with the support of the State as a shareholder, a three-month long letter of intent for the order of four ships (two firm and two optional). So, The Supervisory Board authorized and mandated the Chairman of the Supervisory Board of SNCM to initiate negotiations with shipyards for the construction of the ships within the framework set by the letter of intent.

The results of these negotiations will be evaluated during the next Supervisory Board meeting of SNCM, scheduled for March 18, 2014, in order to possibly grant the Chairman of the Supervisory Board the power to sign the letter of intent that will enable SNCM to enter into exclusive negotiations with the chosen shipyard. In parallel, the financing of these new ships, which is a condition of the letter of intent, is still under evaluation by the Caisse des Dépôts et Consignation / Banque Publique d'Investissement working group, designated by the State as responsible for providing financing solutions by April 15, 2014.

Subsidies granted under the plan for improvement of public transportation services

Transdev Group was recently informed by a letter from the President of the Ile-de-France Regional Council dated March 3, 2014, and received on March 5, 2014, that the Ile-de-France Region was ordered by the Paris Administrative Court, on June 4, 2013, to proceed with the recovery of subsidies granted to operators under the plan for improvement of public transportation services. These subsidies were deemed to be illegal state aid by the Administrative Court, on the ground that no notification was made to the European Commission. According to the terms of the said letter, this restitution obligation could affect certain of Transdev Group's subsidiaries which may have benefited from these subsidies, because the Paris Administrative Court rejected the Ile-de-France region's request for a stay of execution on the restitution injunction. The Region appealed the administrative court decision, but this has not a suspensive effect.

This first notification was also sent to other regular line operators in the outer Paris suburbs. This request for repayment is a legal dispute between the Region and an occasional transportation company, and to which no subsidiary of the Transdev Group is a party. Although the Region mentions in its letter an estimated subsidized amount of approximately €98.7 million (not including interest) that would have been attributed to Transdev Group's subsidiaries, this estimate remains uncertain due to the complexity of the assessment resulting from, (i) the time the plan has existed, (ii) the number of operators that received the subsidies, a large number of which have since restructured/consolidated their activities, (iii) the guidelines of the plan, which involve local authorities with evolving scopes of responsibility and are either intermediaries (the sums paid by the Region passing through them) or economic beneficiaries under the plan.

If the Ile-de-France Region were to issue a revenue order, a suspensory appeal would be brought against the Transdev Group or its concerned subsidiaries before the administrative court.

At this very preliminary stage, Transdev Group maintains the position that the local authorities (Departments, Municipal Associations, Towns…), rather than Transdev Group and its subsidiaries, are the direct recipients of this financial aid because they benefit from contractual terms with reduced prices for transportation services billed to these local authorities.

Transdev Group, together with OPTILE (Organisation Professionnelle des Transports d'Ile-de-France, an association of all the private companies that operate regular lines in the Ile-de-France Transportation Plan), will contest any potential claims for repayment and will take any legal action necessary to defend its interests.

Finally, in a press release dated March 11, 2014, the European Commission announced that, following a complaint filed in 2008, it is opening an in-depth investigation into the subsidies granted to companies that operate public transportation services in Ile-de-France. It also stated that the total amount of subsidies between 1994 and 2008 equaled €263 million and involved 253 recipients. In particular, the Commission will verify if the recipients took on additional costs related to the obligation of public service, and, if so, whether or not their services were subject to overcompensation. Lastly, the Commission stated that its investigation will focus on a similar system of subsidies which may have continued after 2008. The opening of an in-depth investigation does not in any way affect the outcome of the ongoing investigation described above.

Note 41 Main companies included in the consolidated financial statements

In 2013, Veolia Environnement Group consolidated or accounted for a total of 2,620 companies, of which the main companies are:

Company and address	French company registration number (Siret)	Consolidation Method	% control	% interest
Veolia Environnement SA 36-38, avenue Kléber – 75116 Paris	40 321 003 200 047	FC	100.00	100.00
Société d'Environnement et de Services de l'Est SAS 75, avenue Oehmichen BP 21100 Technoland 25461 Etupes Cedex	44 459 092 100 052	FC	100.00	100.00
PROACTIVA Medio Ambiente SA Calle Cardenal Marcelo Spinola 8 – 3A 28016 Madrid (Spain)		FC	100.00	100.00
Thermal North America Inc. 99 summer street ; suite 900 Boston Massachusetts 02110 (United States)		FC	100.00	100.00
Water				
Veolia Eau – Compagnie Générale des Eaux 52, rue d'Anjou – 75008 Paris	57 202 552 600 029	FC	100.00	100.00
Veolia Water 52, rue d'Anjou – 75008 Paris	42 134 504 200 012	FC	100.00	100.00
Including the following companies in France:				
Compagnie des Eaux et de l'Ozone 52, rue d'Anjou – 75008 Paris	77 566 736 301 597	FC	100.00	100.00
Société Française de Distribution d'Eau 28 boulevard de Pesaro – 92000 Nanterre	54 205 494 500 382	FC	99.56	99.56
Compagnie Fermière de Services Publics 6, rue Nathalie Sarraute 44100 Nantes	57 575 016 100 912	FC	99.87	99.87
Compagnie Méditerranéenne d'Exploitation des Services d'Eau – CMESE 12, boulevard René-Cassin – 06100 Nice	78 015 329 200 112	FC	99.72	99.72
Société des Eaux de Melun Zone Industrielle – 198/398, rue Foch 77000 Vaux Le Pénil	78 575 105 800 047	FC	99.29	99.29
Société des Eaux de Marseille 25, rue Edouard-Delanglade 13000 Marseille	5 780 615 000 017	FC	97.76	97.74
Sade-Compagnie Générale de Travaux d'Hydraulique (CGTH-SADE) and its subsidiaries SADE – CGTH (S0401) 17-19 rue Laperouse – 75016 Paris	56 207 750 302 576	FC	99.41	99.41
Veolia Water Solutions & Technologies and its subsidiaries l'Aquarène 1, place Montgolfier 94417 St Maurice Cedex	41 498 621 600 037	FC	100.00	100.00
OTV l'Aquarène – 1 place Montgolfier 94417 St Maurice Cedex	433 998 473 000 14	FC	100.00	100.00

Company and address	French company registration number (Siret)	Consolidation Method	% control	% interest
Société Internationale de Dessalement (SIDEM) 20-22 rue de Clichy – 75009 Paris	342 500 956 000 20	FC	100.00	100.00
Inlcuding the following foreign companies:				
Veolia Water UK Ltd and its subsidiaries 210 Pentoville Road, London N1 9JY (United Kingdom)		FC	100.00	100.00
Affinity Water Acquisitions (Holdco) Limited Governors House Laurence Pountney Hill London EC4R 0HH (United Kingdom)		EA	10.00	10.00
Veolia Water North America and its subsidiaries 101 W. Washington Street, Suite 1400E Indianapolis, IN 46204 (United States)		FC	100.00	100.00
Veolia Wasser GmbH and its subsidiaries Lindencorso Unter den linden 21 10 117 Berlin (Germany)		FC	100.00	100.00
Braunschweiger Versorgungs- AG &Co.KG Taubenstrasse 7 38 106 Braunschweig (Germany)		FC	74.90	74.90
Aquiris SA Avenue de Vilvorde-450 1130 Brussels (Belgium)		FC	99.00	99.00
Apa Nova Bucuresti Srl Strada Aristide Demetriade nr 2, Sector 1 Bucarest (Romania)		FC	73.69	73.69
Veolia Voda and its subsidiaries 52, rue d'Anjou – 75 008 Paris	434 934 809 00016	FC	82.12	82.12
Prazske Vodovody A Kanalizace a.s. 11 Parizska 11 000 Prague 1 (Czech Republic)		FC	100.00	82.12
Severoceske Vodovody A Kanalizace a.s. 1 689 Pritkovska 41 550 Teplice (Czech Republic)		FC	50.10	41.14
Shenzhen Water (Group) Co. Ltd and its subsidiaries 23 Floor, Wan De Building Shennan Zhong Road SHENZHEN (China)		EA	45.00	25.00
Shanghai Pudong Veolia Water Corporation Ltd No. 703 Pujian Road, Pudong New District 200127 SHANGHAI (China)		EA	50.00	50.00
Changzhou CGE Water Co Ltd No.12 Juqian Road, CHANGZHOU Municipality, Jiangsu Province 213000 (China)		EA	49.00	24.99
Kunming CGE Water Supply Co Ltd No.6 Siyuan Road, Kunming Municipality, Yunnan Province 650231 (China)		EA	49.00	24.99
Veolia Water Korea Investment Co Ltd and its subsidiaries East 16 F Signature Towers Building Chungyechou-ro 100 Jung-gu (South Korea)		FC	100.00	100.00
Veolia Water Australia and its subsidiaries Level 4, Bay Center, 65 Pirrama Road, Pyrmont NSW 2009 (Australia)		FC	100.00	100.00
Société d'Énergie et d'Eau du Gabon Avenue Felix Eboué – BP 2082 – Libreville (Gabon)		FC	51.00	41.08

Veolia Water Middle East (Veolia Water MENA) and its subsidiaries 52, rue d'Anjou – 75008 Paris	505 190 801 00017	FC	100.00	100.00
Veolia Water Middle East North Africa (Veolia Water MENA) and its subsidiaries 52, rue d'Anjou – 75008 Paris	403 105 919 00019	FC	80.55	80.55
Amendis 23, rue Carnot – 90 000 Tanger (Morocco)		FC	100.00	80.55
REDAL SA 6 Zankat Al Hoceima, BP 161 – 10 000 Rabat (Morocco)		FC	100.00	80.74
Lanzhou Veolia Water (Group) Co LTD No. 2 Hua Gong Street, Xigu District, LANZHOU, Gansu Province (China)		EA	45.00	22.95
Sharqiyah Desalination Co. SAOC PO Box 685, EA 114 Jibroo, Sultanate of Oman	1 011 277	EA	35.75	35.75
Biothane Systems International B.V. Thanthofdreef 21 – PO BOX 5068 2623 EW Delft (Netherlands)	27267973	FC	100.00	100.00
Tianjin Jinbin Veolia Water Co No2 Xinxiang Road, Bridge 4 Jin Tang Expressway, Dongli District Tianjin Municipality (China)		EA	49.00	49.00
Changle Veolia Water Supply Co Ltd (N° 2 Water Plant) Pan Ye Village, Hang Cheng Jie Dao, Changle Municipality, Fujian Province (China)		EA	49.00	49.00
Veolia Water – Veolia Environmental Service Ltd (Hong Kong) - VW- VES (HK) Ltd Units 7601-03&06-13,76/F, The Center, 99 Queen's Road Central, , Hong Kong		FC	100.00	100.00
Sofiyska Voda AD Mladost region Mladost 4 Business Park Street Building 2a 1000 Sofia Sofia (Bulgaria)		FC	77.10	63.32
Environmental Services				
Veolia Propreté Parc des Fontaines – 163/169, avenue Georges Clemenceau 92000 Nanterre	57 222 103 400 778	FC	100.00	100.00
Société d'Assainissement Rationnel et de Pompage (SARP) and its subsidiaries 52 avenue des Champs Pierreux – 92000 Nanterre	77 573 481 700 387	FC	100.00	99.57
SARP Industries and its subsidiaries 427, route du Hazay – Zone Portuaire Limay-Porcheville 78520 Limay	30 377 298 200 029	FC	100.00	99.85
Routière de l'Est Parisien 28 boulevard de Pesaro 92000 NANTERRE	61 200 696 500 182	FC	100.00	100.00
ONYX Auvergne Rhône-Alpes 105 avenue du 8 mai 1945 69140 Rillieux-La-Pape	30 259 089 800 524	FC	100.00	100.00
Onyx Est ZI de la Hardt – Route de Haspelschiedt 57 230 Bitche	30 520 541 100 070	FC	95.00	95.00
Paul Grandjouan SACO 6 rue Nathalie Sarraute 44 200 Nantes	86 780 051 800 609	FC	100.00	100.00

OTUS 28 boulevard de Pesaro 92000 NANTERRE	62 205 759 400 385	FC	100.00	100.00
Bartin Recycling Group and its subsidiaries 5 rue Pleyel 93 200 Saint Denis	48 141 629 500 022	FC	100.00	100.00
Including the following foreign companies:				
Veolia ES Holding Ltd and its subsidiaries 8th floor – 210 Pentonville Road LONDON - N19JY (United Kingdom)		FC	100.00	100.00
Veolia Environmental Services North America Corp. 200 East Randolph Street – Suite 7900 Chicago –IL 60601 (United States)		FC	100.00	100.00
VES Technical Solutions LLC Butterfield Center 700 East Butterfield Road, #201 LOMBARD IL 60148 (United States)		FC	100.00	100.00
Veolia ES Industrial Services, Inc. 2525 South Shore Blvd, Suite 410 LEAGUE CITY 77573 Texas (United States)		FC	100.00	100.00
Veolia ES Canada Industrial Services Inc. 1705, 3ème avenue H1B 5M9 Montreal – Quebec (Canada)		FC	100.00	100.00
Veolia Environmental Services Australia Pty Ltd Level 4, Bay Center – 65 Pirrama Road NSW 2009 – Pyrmont (Australia)		FC	100.00	100.00
Veolia Environmental Services Asia Pte Ltd 5 Loyang Way 1-WMX Technologies Building 508706 Singapore		FC	100.00	100.00
Veolia Environmental Services China LTD Rm 4114 Sun Hung Kai Centre – 30 Harbour Road Wanchai – HONG-KONG		FC	100.00	100.00
Veolia Umweltservice GmbH and its subsidiaries Hammerbrookstrasse 69 20097 Hamburg (Germany)		FC	100.00	100.00
Energy Services				
Dalkia – Saint-André 37, avenue du Mal-de-Lattre-de-Tassigny 59350 St André les Lille	40 321 129 500 023	FC	66.00	66.00
Dalkia France 37, avenue du Mal-de-Lattre-de-Tassigny 59350 St André les Lille	45 650 053 700 018	FC	99.94	65.96
Dalkia Investissement 37, avenue du Mal-de-Lattre-de-Tassigny 59350 St André les Lille	40 443 498 700 073	EA	50.00	33.00
Dalkia International 37, avenue du Mal-de-Lattre-de-Tassigny 59350 St André les Lille	43 353 956 600 011	EA	75.81	50.03
Citelum and its subsidiaries 37, rue de Lyon – 75012 Paris	38 964 385 900 019	FC	99.94	65.96
Including the following foreign companies:				
Dalkia PLC and its subsidiaries Elizabeth House – 56-60 London Road Staines TW18 4BQ (United Kingdom)		EA	75.81	50.03
Dalkia NV and its subsidiaries 52, quai Fernand-Demets 1070 – Anderlecht (Belgium)		EA	75.81	50.03
Siram SPA and its subsidiaries Via Bisceglie, 95 – 20152 Milan (Italy)		EA	75.81	50.03
Dalkia Espana and its subsidiaries Cl Juan Ignacio Luca De tgna, 4 28 027 Madrid (Spain)		EA	75.81	50.03

Dalkia SGPS SA and its subsidiaries Estrada de Paço d'Arcos 2770 – 129 Paco d'Arços (Portugal)		EA	75.81	50.03
Dalkia Polska and its subsidiaries Ul Mysia 5 – 00 496 Warsaw (Poland)		EA	75.81	30.02
Zespol Elektrocieplownl w Lodzi and its subsidiary Ul.Jadzi. Andrzejewskiej Street 90-975 Lodz (Poland)		EA	75.81	27.64
Dalkia Term SA and its subsidiaries UL B.Czecha 36 – 04 -555 Warszawa (Poland)		EA	75.81	30.02
Dalkia Warszawa and its subsidiary UI Stefana Batorego 2 02-591 Warszawa (Poland)		EA	75.81	25.52
Dalkia AB and its subsidiaries Hälsingegatan 47 – 113 31 Stockholm (Sweden)		EA	75.81	50.03
UAB Vilnius Energija Joconiu St. 13 – 02300 VILNIUS (Lithuania)		EA	75.81	44.47
Dalkia Energia Zrt. and its subsidiaries Budafoki út 91-93 – H-1117 Budapest (Hungary)		EA	75.81	50.01
Dalkia a.s and its subsidiaries Kutlíkova 17 – Technopol 851 02 Bratislava 5 (Slovakia)		EA	75.81	50.03
Dalkia Ceska Republika and its subsidiaries 28.Rijna 3123/152 709 74 Ostrava (Czech Republic)		EA	75.81	36.55
TRANSPORTATION				
Transdev Group 32 boulevard Gallieni 92 130 Issy les Moulineaux	52 147 785 100 013	EA	50.00	50.00
Société européenne pour le développement des transports public - Transdev 32, Boulevard Galliéni 92130 Issy les Moulineaux	542 104 377 00610	EA	50.00	50.00
Transdev IDF 32, Boulevard Galliéni 92130 Issy les Moulineaux	383 607 090 00016	EA	50.00	50.00
Voyages et Transports de Normandie 10 Boulevard Industriel, SOTTEVILLE LES ROUEN (76300)	775 558 463 00011	EA	50.00	33.00
Société Nationale Maritime Corse-Méditerranée (SNCM) 42, Rue de Ruffi 13003 Marseille	775 558 463 00011	EA	50.00	33.00
CFTI (Compagnie Française de Transport Interurbain) Parc des Fontaines 32, Boulevard Galliéni 92130 Issy les Moulineaux	552 022 063 01075	EA	49.97	49.97
Transdev Urbain Parc des Fontaines 32, Boulevard Galliéni 92130 Issy les Moulineaux	344 379 060 00082	EA	50.00	50.00
VT Eurolines Parc des Fontaines 32, Boulevard Galliéni 92130 Issy les Moulineaux	434 009 254 00021	EA	50.00	50.00
Including the following foreign companies:				
Veolia Transportation Inc. 720 E Butterfield Road Suite 309 Lombard 60148 IL (United States)		EA	50.00	50.00
Super Shuttle International Inc., and its subsidiaries 14500 N. Northsight boulevard, Suite 329 Scottsdale, AZ 85260 (United States)		EA	50.00	50.00
Veolia Transport Australasia Level 12, 114 William Street Melbourne, Victoria 3000 (Australia)		EA	50.00	50.00

Veolia Transport Northern Europe Actiebolag Englundavägen 9, Box 1820 SE-171 24 Solna (Sweden)		EA	50.00	50.00
Connexxion holding NV, and its subsidiaries Laapersveld 75 1213 VB Hilversum (Netherlands)		EA	50.00	25.00
Transdev PLC, and its subsidiaries 401 King Street Hammersmith London, W6 9NJ (United Kingdom)		EA	50.00	50.00
Transdev Participações SGPS SA, and its subsidiaries Avenida D. Afonso Henriques, 1462 – 1º 4450-013 Matosinhos (Portugal)		EA	50.00	50.00
Veolia Transport Nederland Holding BV and its subsidiaries Mastbosstraat 12 – Postbus 3306 4800 GT Breda (Netherlands)		EA	50.00	50.00
Veolia Transport Belgium nv and its subsidiaries Groenendaallaan 387 2030 Antwerp (Belgium)		EA	50.00	50.00
Veolia Verkehr GmbH and its subsidiaries Georgenstrasse 22 10117 Berlin (Germany)		EA	50.00	50.00
Veolia Transdev Canada INC, and its subsidiaries St-Jean-sur-Richelieu (Quebec)		EA	50.00	50.00
JV VT RATP ASIA 25/F, Office Building 1, Beijing Landmark Towers, 8 North Dongsanhuan Road, Chaoyang District, Beijing 100004, China		EA	50.00	50.00
Veolia Transport Chile Hernando de Aguire, 162, offic.1203, Providencia Santiago, Chile	28302	EA	50.00	50.00

Consolidation method :
FC: Full Consolidation; EA: Proportionate Consolidation; EA: Equity Associate.

Note 42 Audit fees

Audit fees incurred by the Group, including fees related to subsidiaries accounted for under the equity method, during fiscal years 2013, 2012 and 2011 total €42.7 million, €50.7 million and €52.6 million, respectively, including:

- €36.7 million in 2013, €40.6 million in 2012 and €41.8 million in 2011 in respect of the statutory audit of the accounts; and
- €6.0 million in 2013, €10.1 million in 2012 and €10.8 million in 2011 in respect of services falling within the scope of diligences directly related to the audit engagement.