Condensed Interim Consolidated Financial Statements
Half-year ended June 30, 2015

CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS *(€ million)*	**Notes**	**As of June 30, 2015**	**As of December 31, 2014 [1]**
Goodwill	5	**4,643.3**	4,499.4
Concession intangible assets	6	**2,837.8**	2,750.5
Other intangible assets	7	**970.6**	990.1
Property, plant and equipment	8	**6,717.1**	6,637.5
Investments in joint ventures	9	**2,218.3**	2,043.2
Investments in associates		**424.8**	454.9
Non-consolidated investments		**70.0**	54.7
Non-current operating financial assets	10	**1,926.1**	1,882.5
Non-current derivative instruments - Assets		**93.6**	101.9
Other non-current financial assets	11	**444.3**	866.7
Deferred tax assets		**1,161.9**	1,137.3
Non-current assets		**21,507.8**	**21,418.7**
Inventories and work-in-progress	12	**734.8**	729.9
Operating receivables	12	**9,246.2**	8,650.4
Current operating financial assets	10	**135.1**	127.2
Other current financial assets	11	**623.3**	203.1
Current derivative instruments - Assets		**78.7**	103.0
Cash and cash equivalents	13	**1,732.9**	3,148.6
Assets classified as held for sale		**60.0**	343.6
Current assets		**12,611.0**	**13,305.8**
TOTAL ASSETS		**34,118.8**	**34,724.5**

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

(1) As disclosed in Note 1.1.3, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the year ended December 31, 2014 have been represented accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES *(€ million)*	**Notes**	**As of June 30, 2015**	**As of December 31, 2014 (1)**
Share capital		**2,811.5**	2,811.5
Additional paid-in capital		**7,165.6**	7,165.6
Reserves and retained earnings attributable to owners of the Company		**(1,616.3)**	(1,664.9)
Total equity attributable to owners of the Company	14	**8,360.8**	**8,312.2**
Total equity attributable to non-controlling interests	14.2	**1,186.5**	1,167.2
Equity	14	**9,547.3**	**9,479.4**
Non-current provisions	15	**2,035.3**	1,958.8
Non-current borrowings	16	**7,803.7**	8,324.5
Non-current derivative instruments - Liabilities		**115.4**	112.5
Deferred tax liabilities		**1,141.4**	1,135.3
Non-current liabilities		**11,095.8**	**11,531.1**
Operating payables	12	**9,640.7**	9,677.3
Current provisions	15	**521.9**	552.9
Current borrowings	16	**2,914.8**	3,003.1
Current derivative instruments - Liabilities		**128.4**	128.5
Bank overdrafts and other cash position items	13	**246.9**	216.4
Liabilities directly associated with assets classified as held for sale		**23.0**	135.8
Current liabilities		**13,475.7**	**13,714.0**
TOTAL EQUITY AND LIABILITIES		**34,118.8**	**34,724.5**

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

(1) As disclosed in Note 1.1.3, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the year ended December 31, 2014 have been represented accordingly.

CONSOLIDATED INCOME STATEMENT

(€ million)	**Notes**	**Half-year ended June 30, 2015**	**Half-year ended June 30,2014 Represented** (1)
Revenue	**17**	**12,317.6**	**11,482.4**
o/w Revenue from operating financial assets		*84.1*	*87.8*
Cost of sales		(10,167.8)	(9,589.8)
Selling costs		(276.5)	(258.2)
General and administrative expenses		(1,218.0)	(1,145.1)
Other operating revenue and expenses	18	9.3	(76.6)
Operating income before share of net income (loss) of equity-accounted entities	18	**664.6**	**412.7**
Share of net income (loss) of equity-accounted entities	18	**52.8**	**69.1**
o/w share of net income (loss) of joint ventures	9	39.7	56.2
o/w share of net income (loss) of associates		13.1	12.9
Operating income after share of net income (loss) of equity-accounted entities	**18**	**717.4**	**481.8**
Net finance costs	19	(230.8)	(234.8)
Other financial income and expenses	20	46.8	59.6
Pre-tax net income (loss)		**533.4**	**306.6**
Income tax expense	21	(124.2)	(101.0)
Share of net income (loss) of other equity-accounted entities	9	25.5	4.4
Net income (loss) from continuing operations		**434.7**	**210.0**
Net income (loss) from discontinued operations		-	(23.1)
Net income (loss) for the period		**434.7**	**186.9**
Attributable to owners of the Company		**352.7**	**131.1**
Attributable to non-controlling interests	14.2	82.0	55.8

(in euros)		
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (2)		
Diluted	0.51	0.12
Basic	0.51	0.12
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (2)		
Diluted	0.51	0.14
Basic	0.51	0.14
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (2)		
Diluted	-	(0.02)
Basic	-	(0.02)

(1) Pursuant to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the contribution of Water activities in Morocco is no longer recognized in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale. Comparative figures for fiscal year 2014 have been reclassified accordingly.
Furthermore, as disclosed in Note 1.1.3, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the half-year ended June 30, 2014 have been represented accordingly.

(2) *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 period. 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.*

As of June 30, 2015, the weighted average number of shares outstanding is 548,503,826 (basic and diluted)

For the dual purpose of better presentation of operating performance and comparability with other sector companies, the Group decided to introduce new financial indicators starting fiscal year 2015, that will now be used in the communication of its financial results: Turnover renamed Revenue and EBITDA (see definition in Section 5.3 of the Operating and Financial Review, Appendices to the Operating and Financial Review).

In conjunction with the introduction of this new financial indicator and in order to ensure the consistency and readability of the Group's consolidated financial statements, the following key adjustments have been made to the presentation of the Consolidated Income Statement:

Item	From	To
Restructuring costs	Cost of sales, Selling costs, General and administrative expenses	Other operating revenue and expenses
Impairment of goodwill of controlled entities	Cost of sales	Other operating revenue and expenses
Impairment of goodwill of equity-accounted entities	Share of net income (loss) of equity-accounted entities	Other operating revenue and expenses
Impairment of property, plant and equipment, intangible assets and operating financial assets	Cost of sales, Selling costs, General and administrative expenses	Other operating revenue and expenses
Gains (losses) on disposal of controlled entities	Other operating revenue and expenses	Other financial income and expenses
Gains (losses) on disposal of equity-accounted entities	Share of net income (loss) of equity-accounted entities	Other financial income and expenses

2014 figures have been represented for these adjustments to ensure the comparability of data.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented (2)**
Net income (loss) for the period	**434.7**	**186.9**
Actuarial gains or losses on pension obligations	(17.2)	(26.9)
Income tax expense	6.9	1.3
Amount net of tax	(10.3)	(25.6)
Other items of comprehensive income not subsequently released to net income	**(10.3)**	**(25.6)**
o/w attributable to joint ventures	***1.9***	***5.9***
o/w attributable to associates	***(0.3)***	***-***
Fair value adjustments on available-for-sale assets	0.4	(0.5)
Income tax expense	(0.1)	-
Amount net of tax	0.3	(0.5)
Fair value adjustments on cash flow hedge derivatives	84.1	(6.5)
Income tax expense	(2.0)	1.4
Amount net of tax	82.1	(5.1)
Foreign exchange gains and losses		
- on the translation of the financial statements of subsidiaries drawn up in a foreign currency	314.7	7.6
Amount net of tax	314.7	7.6
- on the net financing of foreign operations	(93.0)	(8.7)
- income tax expense	0.8	0.8
Amount net of tax	(92.2)	(7.9)
Other items of comprehensive income subsequently released to net income	**304.9**	**(5.9)**
o/w attributable to joint ventures (1)	***147.0***	***(34.3)***
o/w attributable to associates	***10.1***	***2.0***
Total Other comprehensive income	**294.6**	**(31.5)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**729.3**	**155.4**
Attributable to owners of the Company	595.2	108.3
Attributable to non-controlling interests	134.1	47.1

(1) The share attributable to joint ventures mainly concerns:

For the half-year ended June 30, 2015:

- The fluctuation in foreign exchange translation reserves of the Chinese concessions (€133.5 million)
-

For the half-year ended June 30, 2014:

- the fluctuation in foreign exchange translation reserves of the Chinese concessions (-€22.6 million) and the impact on foreign exchange translation reserves of the divestiture of Marius Pedersen (-€6.0 million).

(2) Pursuant to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, the contribution of Water activities in Morocco is no longer recognized in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale. Comparative figures for fiscal year 2014 have been reclassified accordingly.
Furthermore, as disclosed in Note 1.1.3, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the half-year ended June 30, 2014 have been represented accordingly.

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

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	**Notes**	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented**
Net income (loss) for the period		**434.7**	186.9
Net income (loss) from continuing operations		***434.7***	***210.0***
Net income (loss) from discontinued operations		***-***	***(23.1)***
Operating depreciation, amortization, provisions and impairment losses		604.1	615.7
Financial amortization and impairment losses		4.1	7.5
Gains (losses) on disposal of operating assets		(9.8)	(3.7)
Gains (losses) on disposal of financial assets		(65.6)	(53.0)
Share of net income (loss) of joint ventures	9	(65.2)	(60.6)
Share of net income (loss) of associates		(13.1)	(12.9)
Dividends received		(1.3)	(1.8)
Net finance costs	19	230.8	234.8
Income tax expense	21	124.2	101.0
Other items		13.3	17.3
Operating cash flow before changes in operating working capital		**1,256.2**	**1,054.3**
Change in operating working capital requirements	12	(628.0)	(586.8)
Income taxes paid		(119.5)	(82.2)
Net cash from operating activities of continuing operations		**508.7**	***385.3***
Net cash from (used in) operating activities of discontinued operations		***-***	***(5.7)***
Net cash from operating activities		***508.7***	**379.6**
Industrial investments, net of grants		(510.4)	(491.7)
Proceeds on disposal of intangible assets and property, plant and equipment		44.6	28.1
Purchases of investments		(42.1)	(36.4)
Proceeds on disposal of financial assets		250.8	278.9
Operating financial assets			
New operating financial assets	10	(49.9)	(61.4)
Principal payments on operating financial assets		82.3	88.5
Dividends received (including dividends received from joint ventures and associates)		54.4	49.1
New non-current loans granted		(59.4)	(240.9)
Principal payments on non-current loans		101.7	194.1
Net decrease/increase in current loans		(8.6)	16.9
Net cash used in investing activities of continuing operations		***(136.6)***	***(174.8)***
Net cash used in investing activities of discontinued operations		***-***	***(17.0)***
Net cash used in investing activities		**(136.6)**	**(191.8)**

Net increase (decrease) in current borrowings		(763.6)	(887.1)
New non-current borrowings and other debts		42.7	106.2
Principal payments on non-current borrowings and other debts		(175.9)	(27.0)
Proceeds on issue of shares		-	-
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases		(105.5)	(91.6)
Transactions with non-controlling interests: partial sales		-	2.1
Proceeds on issue of deeply subordinated securities	14.3	-	-
Coupons on deeply subordinated securities		(71.5)	(68.0)
Purchases of/proceeds from treasury shares		0.1	-
Dividends paid		(486.7)	(245.6)
Interest paid		(273.9)	(303.3)
Net cash from (used in) financing activities of continuing operations		***(1,834.3)***	***(1,514.3)***
Net cash from financing activities of discontinued operations		***-***	***0.4***
Net cash from (used in) financing activities		**(1,834.3)**	**(1,513.9)**
Effect of foreign exchange rate changes and other		16.0	(50.6)
Increase (decrease) in external net cash of discontinued operations		-	**19.1**
Net cash at the beginning of the year		**2,932.2**	**4,061.3**
Net cash at the end of the year		**1,486.0**	**2,703.7**
Cash and cash equivalents	13	1,732.9	2,874.8
Bank overdrafts and other cash position items	13	246.9	171.1
Net cash at the end of the year		**1,486.0**	**2,703.7**

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

(1) *Pursuant to IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the contribution of Water activities in Morocco is no longer recognized in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale. Comparative figures for fiscal year 2014 have been reclassified accordingly.*

Furthermore, as disclosed in Note 1.1.3, IFRIC 21 is applicable on a retrospective basis on first-time application and the consolidated financial statements for the half-year ended June 30, 2014 have been represented accordingly.

STATEMENT OF CHANGES IN EQUITY

(€ 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 January 1, 2014	**548,875,708**	**2,744.4**	**7,851.1**	**1,453.6**	**(442.5)**	**(3,465.3)**	**105.2**	**(34.2)**	**8,212.3**	**1,474.0**	**9,686.3**
Issues of share capital of the parent company	13,426,093	67.1	107.2	-	-	-	-	-	**174.3**	**-**	**174.3**
Proceeds on issue of deeply subordinated securities	-	-	-	-	-	-	-	-	**-**	-	-
Coupon on deeply subordinated securities	-	-	-	(68.0)	-	-	-	-	**(68.0)**	-	**(68.0)**
Parent company dividend distribution	-	-	(792.7)	-	-	418.5	-	-	**(374.2)**	**-**	**(374.2)**
Elimination of treasury shares	-	-	-	-	-	-	-	-	**-**	-	-
Share-based payments	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	**-**	**(46.6)**	**(46.6)**
Transactions with non-controlling interests	-	-	-	-	-	55.5	-	-	**55.5**	**(50.6)**	**4.9**
Total transactions with non-controlling interests	**13,426,093**	**67.1**	**(685.5)**	**(68.0)**	**-**	**474.0**	**-**	**-**	**(212.4)**	**(97.2)**	**(309.6)**
Other comprehensive income	-	-	-	-	-	(25.0)	8.3	(6.1)	**(22.8)**	**(8.7)**	**(31.5)**
Net income for the period	-	-	-	-	-	131.1	-	-	**131.1**	**55.8**	**186.9**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**106.1**	**8.3**	**(6.1)**	**108.3**	**47.1**	**155.4**
Other movements	**-**	**-**	**-**	**-**	**-**	0.4	-	-	**0.4**	**24.2**	**24.6**
As of June 30, 2014	**562,301,801**	**2,811.5**	**7,165.6**	**1,385.6**	**(442.5)**	**(2,884.8)**	**113.5**	**(40.3)**	**8,108.6**	**1,448.1**	**9,556.7**

(€ 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, 2014	**562,301,801**	**2,811.5**	**7,165.6**	**1,385.6**	**(436.7)**	**(2,823.7)**	**270.1**	**(60.2)**	**8,312.2**	**1,167.2**	**9,479.4**
Issues of share capital of the parent company	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Proceeds on issue of deeply subordinated securities	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Coupon on deeply subordinated securities	-	-	-	(71.5)	-	-	-	-	**(71.5)**	**-**	**(71.5)**
Parent company dividend distribution	-	-	-	-	-	(384.0)	-	-	**(384.0)**	**-**	**(384.0)**
Elimination of treasury shares	-	-	-	-	0.1	-	-	-	**0.1**	**-**	**0.1**
Share-based payments	-	-	-	-	-	2.4	-	-	**2.4**	**-**	**2.4**
Third party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	**-**	**(102.7)**	**(102.7)**
Transactions with non-controlling interests	-	-	-	-	-	(91.2)	-	-	**(91.2)**	**(3.7)**	**(87.5)**
Total transactions with non-controlling interests	-	-	-	**(71.5)**	**0.1**	**(472.8)**	-	-	**(544.2)**	**(99.0)**	**(643.2)**
Other comprehensive income	-	-	-	-	-	(10.0)	169.7	82.8	**242.5**	**52.1**	**294.6**
Net income for the period	-	-	-	-	-	352.7	-	-	**352.7**	**82.0**	**434.7**
Total comprehensive income for the period	-	-	-	-	-	**342.7**	**169.7**	**82.8**	**595.2**	**134.1**	**729.3**
Other movements	-	-	-	-	-	(2.4)	-	-	**(2.4)**	**(15.8)**	**(18.2)**
As of June 30, 2015	**562,301,801**	**2,811.5**	**7,165.6**	**1,314.1**	**(436.6)**	**(2,956.2)**	**439.8**	**22.6**	**8,360.8**	**1,186.5**	**9,547.3**

The dividend distribution per share was €0.70 in fiscal year 2015 and €0.70 in fiscal year 2014.

The total dividend paid recorded in the Consolidated Cash Flow Statement of -€487 million and -€247 million for the half-years ended June 30, 2015 and June 30, 2014, respectively, breaks down as follows:

(€ million)	**Half-year ended June 30, 2015**	Half-year ended June 30, 2014
Parent company dividend distribution	(384)	(374)
Third party share in dividend distributions of subsidiaries	(103)	(47)
Scrip dividend	-	174
Total dividend paid	**(487)**	**(247)**

1. ACCOUNTING PRINCIPLES AND METHODS

The Group's condensed interim consolidated financial statements for the half-year ended June 30, 2015 were prepared under the responsibility of the Board of Directors, which met on July 31, 2015.

1.1 Accounting standards framework

1.1.1 Basis underlying the preparation of the financial information

Pursuant to European Regulation no.1606/2002 of July 19, 2002, as amended by European Regulation 297/2008 of March 11, 2008, the condensed interim consolidated financial statements of Veolia Group (the “Group”) for the half-year ended June 30, 2015 were prepared in accordance with IAS 34, *Interim Financial Reporting*. As they are condensed financial statements, they do not include all the disclosures required under IFRS for annual financial statements and must be read in conjunction with the Group financial statements for the year ended December 31, 2014.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are in accordance with the IFRS standards and interpretations as adopted by the European Union. These standards and interpretations may be consulted at the following European Union website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These half-year financial statements have been drawn up in accordance with the principles used for the preparation of the 2014 consolidated financial statements, except for the items presented below and the specific requirements of IAS 34.

1.1.2 New standards and interpretations

The accounting policies and methods are presented in detail in Note 1 to the Consolidated financial statements for the year ended December 31, 2014.

Texts of mandatory effect for the first time within the Group as of January 1, 2015

- IFRIC 21, *Levies*, which provides guidance on when to recognize a liability for a levy imposed by a government ;
- Amendments resulting from the IFRS annual improvements process (2011-2013 cycles).

The first-time application of IFRIC 21, *Levies*, has an impact on the Group’s condensed interim consolidated financial statements, as disclosed in Note 1.1.3.

.

Texts which enter into mandatory effect after June 30, 2015

- IFRS 9, *Financial Instruments*;
- IFRS 15, *Revenue from Contracts with Customers*;
- Amendment to IFRS 7 relating to disclosures on transition to IFRS 9;
- Amendments to IAS 16 and IAS 38, aimed at clarifying acceptable methods of depreciation and amortization;
- Amendment to IFRS 11, *Joint Arrangements*, providing guidance on how to account for the acquisition of an interest in a joint arrangement;
- Amendments resulting from the IFRS annual improvements process (2012-2014 cycle);
- Amendments to IFRS 10 and IAS 28 providing guidance on how to account for asset sales or contributions to an associate or joint venture;
- Amendments to IAS 1, *Presentation of financial statements: Disclosure initiative*;
- Amendment 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 improvements process (2010-2012 cycles).

Subject to their definitive adoption by the European Union, these standards and standard amendments are of mandatory application for fiscal years beginning on or after January 1, 2016 or later. The Group is currently assessing the potential impact of the first-time application of these texts.

1.1.3 Change in accounting method

IFRIC 21, *Levies*, referred to above, was published in May 2013 and adopted by the European Union in June 2014. It is applicable for the first-time within the Group as of January 1, 2015.

This interpretation provides guidance on the recognition of liabilities in respect of levies payable by an entity to a government. It deals with the issue of when to recognize a liability to pay levies other than income tax or social security contributions.

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with relevant legislation and regulations and provides detailed guidance on how to recognize certain levies, clarifying in particular that the going concern principle and/or economic compulsion do not create or imply an obligating event when the activity that triggers the payment of the levy has not occurred.

For the purposes of first-time application of this interpretation, the Group inventoried and analyzed the main levies concerned and their operation with regard to the clarifications provided by the interpretation.

The first-time application of this text had a negative impact of €29.7 million on net income attributable to owners of the Company and of €4.4 million on Group consolidated equity as of June 30, 2014.

As of December 31, 2014, the first-time application of this text had a negative impact of €4.3 million on net income attributable to owners of the Company and of €20.4 million on Group consolidated equity.

The Net cash from operating activities line in the Consolidated Cash Flow Statements for the half-year ended June 30, 2015 and the year ended December 31, 2014 was not impacted.

1.1.4 Seasonality of Group activity

Group activities are, by nature, subject to seasonal changes and climatic conditions. Therefore, in the Energy Services business, the majority of operating income is realized in the first and fourth quarters corresponding to heating periods in Europe. In the Water sector, water consumption for domestic use and wastewater treatment are higher between May and September in the Northern hemisphere, where the Group conducts most of its business.

Accordingly, the interim results of the Group for the half-year ended June 30, 2015 and certain key performance indicators such as working capital reflect the impact of these combined factors and therefore may not be extrapolated over the whole year.

1.2 1.6 Translation of foreign subsidiaries' financial statements

The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Period-end exchange rate (one foreign currency unit = €xx)	**As of June 30, 2015**	**As of June 30, 2014**	**As of December 31, 2014**
U.S. Dollar	0.8937	0.7322	0.8237
Pound sterling	1.4057	1.2477	1.2839
Polish zloty	0.2386	0.2406	0.2340
Czech crown	0.0367	0.0364	0.0361
Chinese renminbi yuan	0.1442	0.1180	0.1327
Australian dollar	0.6873	0.6879	0.6744

Average exchange rate (one foreign currency unit = €xx)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014**	**Year ended December 31, 2014**
U.S. Dollar	0.8955	0.7297	0.7525
Pound sterling	1.3645	1.2175	1.2400
Polish zloty	0.2415	0.2395	0.2390
Czech crown	0.0364	0.0364	0.0363
Chinese renminbi yuan	0.1440	0.1183	0.1221
Australian dollar	0.7005	0.6673	0.6792

2. USE OF MANAGEMENT ESTIMATES IN THE APPLICATION OF GROUP ACCOUNTING STANDARDS

Veolia 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 condensed interim consolidated financial statements were prepared based on the current environment, particularly with respect to the estimates presented below.

Veolia 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. Those 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 and in measuring these assets. 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 mentioned hereafter are detailed in consolidated financial statements as of December 31,2014.

Notes 1 and 5 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, 5 and 18 concern goodwill and non-current asset impairment tests.

Notes 1 describes the principles adopted for the determination of financial instrument fair values.

Note 21 concerns the Group's income tax expense. The income tax expense for the period is calculated by applying the estimated effective annual tax rate to the pre-tax income of the period, adjusted for any one-off items.

Notes 15 and 25 on provisions, the employee benefit obligation and contingent assets and liabilities, detail the provisions recognized by Veolia Environnement. Veolia determined these provisions based on best estimates of these obligations.

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.

In particular, in accordance with Group practice, discount rates used pursuant to IAS 36, *Impairment of Assets*, correspond to the weighted-average cost of capital calculated annually in each of the relevant geographic areas. With regards more specifically to the euro zone, a specific risk premium is included in the calculation of the weighted average cost of capital of entities located in the following countries: Spain, Ireland, Italy, Portugal and Slovenia.

At the June 30, 2015 period-end, rates were reviewed taking account of current conditions and the following methods were adopted:

- 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.

3. Significant events and main acquisitions and divestitures

3.1 Change in the shareholding structure

In a press release published on March 3, 2015, Groupama announced the sale of 28,396,241 shares in the Company. Following this sale, Groupama reported on March 5, 20015 that it held, through Groupama SA, Gan Assurances and the Regional mutuals, 0.15% of the share capital and voting rights of the Company, that is 823,779 shares.

3.2 Changes in Group structure

3.2.1 Principal changes

Divestiture of activities in Israel

On March 30, 2015 Veolia closed the sale of water, waste and energy activities in Israel in association with the agreement signed on July 9, 2014 with funds managed by Oaktree Capital Management L.P, a leader among global investment managers.

The closing of the transaction was subject to the approval of the Israeli Antitrust Authority and change in control authorizations standard for such transactions.

The transaction resulted in a reduction in the Group's net financial debt by around €226 million, of which €29 million was already recorded at December 31, 2014 due to the classification of the activities in Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, in accordance with IFRS 5.

Accordingly, the financial statements for the half-year ended June 30, 2015 include a post-tax gain on disposal of around €41 million.

Purchase of the EBRD's stake in Veolia Central & Eastern Europe (formerly Veolia Voda)

On April 7, 2015, Veolia Eau - Compagnie Générale Des Eaux purchased the stake held by the European Bank for Reconstruction and Development (EBRD) in Veolia Central & Eastern Europe (formerly Veolia Voda) (i.e. 8.36% of the share capital of Veolia Central & Eastern Europe (formerly Veolia Voda), combining the Group's Water activities in Central and Eastern Europe) for €85.9 million. As a result of this transaction, the Group now wholly owns Veolia Central & Eastern Europe (formerly Veolia Voda).

3.2.2 SNCM

SNCM/Transdev

The first 2015 half-year was marked in particular by the proposal made in April 2015 by Transdev and CGMF to the receivers to contribute €85 million (€62 million for Transdev) to finance the SNCM redundancy plan subject to the conclusion of a settlement agreement approved by the commercial court, under whose terms the parties to the proceeding would waive any possible action against Transdev, CGMF, their executives and their shareholders.

The signature of the first part of the settlement agreement has been authorized by the bankruptcy judge in a ruling in May 2015.

The settlement process has been interrupted by the decision of the commercial court in June 2015 to reject the three offers. In the same time, the commercial court asked the receivers to proceed with a new call for tenders, scheduling a hearing for September 25, 2015 in order to review them.

Furthermore, in April 2015, the Bastia administrative court decided that the public service delegation agreement would be terminated as of October 1, 2016.

Please refer to note 25 for futher information on the proceedings concerning SNCM.

Principles adopted for the valuation of SNCM in the consolidated financial statements for the half-year ended June 30, 2015

SNCM remains equity-accounted indirectly as part of the Transdev Group joint venture.

Considering last developments of the first 2015 half-year, and in particular the settlement agreement proposed by the SNCM shareholders (of whom Transdev), in the context of the appropriate collective procedure (divestiture plan followed by a settlement agreement), the accounting treatment is based on a fair assessment of the residual financial exposure of the Group through its indirect investment in SNCM.

Should this scenario not prevail, the Company would reassess financial impacts.

It should be noted that the adopted scenario does not consider repayments claimed by the European Commission in respect of the privatization process (€220 million excluding interest) and compensation paid for so-called complementary services (€220 million excluding interest), OTC having issued receipt orders in Novembre 2014 in the amount of €197.8 million, of which €167.2 million excluding interest.

Transdev Group

Given the Group’s confirmed objectives to continue its withdrawal from the transportation business, in a timetable subject to SNCM evolution, the Group’s investment in Transdev Group, does not represent an extension of the Group’s businesses, within the meaning of the recommendation issued by the French Accounting Standards Authority (*Autorité des Normes Comptables - ANC*) on April 4, 2013.

3.3 Group financing

3.3.1 Dividend payment

The Combined Shareholders’ Meeting of April 22, 2015 set the cash dividend for fiscal 2014 at €0.70 per share. This dividend was paid as from May 7, 2015 in the total amount of €383,952,678.

3.3.2 Bond swap

In early April 2015, Veolia Environnement proceeded with the early refinancing of a portion of the bonds maturing in 2019, 2021 and 2022 in the amount of €515 million, by issuing a new bond maturing in January 2028 for €500 million with a 1.59% coupon. This transaction has enabled the Group to smooth out its debt profile and increase the average maturity of its gross debt (from 6.7 years to 7.0 years), while reducing the associated financing costs.

4. REPORTING BY OPERATING SEGMENT

The operating segments are components of the Group that operate in activities and whose operating results are reviewed by the 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.

Financial information by operating segment is prepared in accordance with the same rules used to prepare the Consolidated Financial Statements.

Pursuant to IFRS 8 on the identification of operating segments and after taking account of regrouping criteria, the following segments are presented:

- **France;**
- **Europe, excluding France;**
- **Rest of the world,**
- **Global Businesses,**
- **Other**, including the various Group holding companies and the contribution of Dalkia France up to the date of the Dalkia transaction on July 25,2014.

The main financial aggregates, in Group share, are also presented for the Chinese Water concessions.

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”.

Furthermore, as disclosed above on page 6, the Group decided to introduce new financial indicators starting fiscal year 2015:
- Turnover renamed Revenue;
- EBITDA.

EBITDA, which replaces Adjusted operating cash flow, comprises the sum of all operating income and expenses received and paid (excluding restructuring costs and renewal expenses) and principal payments on operating financial assets.

<u>REPORTING BY OPERATING SEGMENT</u>

As of the second half of 2014 and in tandem with the reorganization and acquisition of Dalkia International, the Group decided to review and standardize its policy for the rebilling of centralized corporate costs to the subsidiaries in France and internationally retroactively from January 1, 2014. These changes have no impact at Group level on the financial indiactors presented below. They have been cancelled in the 2014 comparative period in the analysis by segment of EBITDA and Operating income after share of net income/(loss) of equity-accounted entities.

Half-year ended June 30, 2015

(€ million)	France	Europe, excluding France	Rest of the world	Global Businesses	Other	Total consolidated financial statements	Joint ventures (Data in Group share) Chinese Water concessions
Revenue	2,694.6	4,305.5	2,956.6	2,296.2	64.7	12,317.6	328.7
EBITDA	395.5	610.3	406.1	84.5	34.7	1,531.1	73.2
Operating income after share of net income (loss) of equity-accounted entities	120.9	338.2	216.0	28.6	13.7	717.4	36.0
Industrial investments	(124.9)	(226.0)	(106.8)	(39.4)	(13.3)	(510.4)	(72.1)

Half-year ended June 30, 2014

(€ million)	France	Europe, excluding France	Rest of the world	Global Businesses	Other	Total consolidated financial statements	Chinese Water concessions
Revenue	2,765.1	2,427.0	2,413.3	2,244.7	1,632.3	11,482.4	264.7
EBITDA	401.7	299.5	312.3	91.4	209.4	1,314.3	56.8
Operating income after share of net income (loss) of equity-accounted entities	77.9	112.3	151.7	29.6	110.3	481.8	28.6
Industrial investments	(116.4)	(173.7)	(88.0)	(35.2)	(78.4)	(491.7)	(24.5)

RECONCILIATION BETWEEN EBITDA AND OF OPERATING CASH FLOW

The new EBITDA indicator reconciles with operating cash-flow before changes in operating working capital, for the half-years ended June 30, 2015 and June 30, 2014 as follows:

(€ million)		**Half-year ended June 30, 2015**	Half-year ended June 30, 2014
Operating cash flow before changes in operating working capital		**1,256.2**	**1,054.3**
O/W Operating cash flow from financing activities		**3.3**	**42.8**
Exclusion:			
Renewal costs	Note 18	+141.1	+180.3
Restructuring charges (1)	Note 18	+52.2	+24.6
Share acquisition and disposal costs	Note 20	+2.6	+9.4
Inclusion:			
Repayments of operating financial assets	Note 10	+82.3	+88.5
EBITDA		**1,531.1**	**1,314.3**

(1) Cash restructuring charges for the half-year ended June 30, 2015 primarily related to the French Water voluntary departure program in the amount of €36.4 million. For the half-year ended June 30, 2014, they concerned the head office voluntary departure plan in the amount of €22 million.

5. GOODWILL

Goodwill breaks down as follows:

(€ million)	**As of June 30, 2015**	**As of December 31, 2014**
Gross	5,747.9	5,576.2
Accumulated impairment losses	(1,104.6)	(1,076.8)
NET	**4,643.3**	**4,499.4**

The net carrying amount of goodwill as of June 30, 2015 breaks down by operating segment as follows:

(€ million)	**As of June 30, 2015**	**As of December 31, 2014**
France	1,169.5.	1,161.2
Europe, excluding France	2,265.0	2,174.5
Rest of the World	725.6	696.2
Global Businesses	474.4	458.9
Other	8.8	8.6
GOODWILL	**4,643.3**	**4,499.4**

Movements in the net carrying amount as of June 30, 2015

The €143.9 million increase in goodwill in the first six months of 2015 is mainly attributable to foreign exchange gains of €138.3 million, primarily attributable to fluctuations against the euro of the pound sterling (+€80.4 million), the US dollar (+€16.2 million), the Chinese renminbi yuan (+€9.7 million) and the Czech crown (+€8.4 million).

Dalkia International goodwill

It is recalled that the transaction associated with the agreement between Veolia and EDF, signed on March 25, 2014, in respect of their joint subsidiary Dalkia, was closed on July 25, 2014.

As part of this agreement, EDF acquired all Dalkia Group's Energy Services activities in France, operating under the Dalkia brand, while the international Energy Services operations (Dalkia International) were taken over by the Group.

The goodwill, broken down by operating segment in note 4 and recognized as of June 30, 2015 of €1,271.5 million is definitive and is unchanged (excluding foreign exchange impacts) on the provisional goodwill recognized as of December 31, 2014.

Main goodwill balances by cash-generating unit as of June 30, 2015

The main goodwill balances in net carrying amount by cash-generating unit or group of cash-generating units within a country (amounts in excess of €200 million) have not materially changed since December 31, 2014.

Impairment tests for the half-year ended June 30, 2015

Goodwill and other intangible assets with an indefinite useful life are subject to annual impairment tests, in accordance with the Group timetable.

There has been no change in the methodology used to calculate the recoverable amount of cash-generating units.

On this basis, no additional impairment was recognized as of June 30, 2015.

6. CONCESSION INTANGIBLE ASSETS

Concession intangible assets break down by operating segment as follows:

(€ million)	As of June 30, 2015			Net carrying amount as of December 31, 2014 Represented
	Gross carrying amount	Amortization and impairment losses	Net carrying amount	
France	1,314.5	(671.4)	**643.1**	637.1
Europe, excluding France	2,345.5	(947.2)	**1,398.3**	1,335.0
Rest of the World	1,618.7	(826.7)	**792.0**	773.7
Global Businesses	24.8	(20.4)	**4.4**	4.7
Other	-	-	**-**	-
CONCESSION INTANGIBLE ASSETS	**5,303.5**	**(2,465.7)**	**2,837.8**	**2,750.5**

The €87.3 million increase in the net carrying amount of concession intangible assets is mainly attributable to:

- additions in the amount of €146.6 million (including €56.7 million in the France segment, €51.4 million in the Europe, excluding France segment and €38.3 million in the Rest of the World segment);
- amortization charges and impairment losses of €144.5 million;
- foreign exchange translation gains of €82.2 million (mainly attributable to fluctuations in the pound sterling against the euro).

7. OTHER INTANGIBLE ASSETS

Other intangible assets break down as follows:

(€ million)	As of June 30, 2015	As of December 31, 2014 Represented
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**18.0**	**16.6**
Intangible assets with a definite useful life, gross	3,336.3	3,236.1
Amortization and impairment losses	(2,383.7)	(2,262.6)
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**952.6**	**973.5**
INTANGIBLE ASSETS, NET	**970.6**	**990.1**

The €19.5 million decrease in the net carrying amount of other intangible assets is mainly attributable to:

- additions in the amount of €35.4 million, including software of €18.9 million;
- foreign exchange translation gains of €25.8 million;
- amortization charges and impairment losses of €87.6 million.

The other intangible assets comprise primarily the value of contracts acquired through business combinations (“contractual rights”) for €395.7 million; fees paid to local authorities for public service contracts.for €137.0 million, and acquired software for €127.3 million.

8. PROPERTY, PLANT AND EQUIPMENT

Movements in the net carrying amount of property, plant and equipment during the first six months of 2015 are as follows:

(€ million)	**As of June 30, 2015**	**As of December 31, 2014 Represented**
Property, plant and equipment, gross	17,074.8	16,463.0
Depreciation and impairment losses	(10,357.7)	(9,825.5)
PROPERTY, PLANT AND EQUIPMENT, NET	**6,717.1**	**6,637.5**

The €79.6 million increase in property, plant and equipment is mainly attributable to:

- additions of €322.3 million (including €159.9 million in Europe excluding France and €76.1 million in the Rest of the World);
- depreciation charges and impairment losses of €450.2 million;
- foreign exchange gains of €218.4 million (including €86.3 million in Europe excluding France and €117.9 million in the Rest of the World), mainly attributable to the appreciation against the euro of the pound sterling in the amount of €51.1 million, the Chinese renminbi yuan in the amount of €36.5 million and the US dollar in the amount of €71.6 million.

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

(€ million)	**As of June 30, 2015**			**Net carrying amount as of December 31, 2014 Represented**
	Gross carrying amount	Depreciation and impairment losses	Net carrying amount	
Land	1,220.6	(628.1)	**592.5**	580.9
Buildings	2,899.9	(1,589.9)	**1,310.0**	1,290.4
Technical installations, plant and equipment	8,581.2	(5,222.7)	**3,358.5**	3,552.2
Travelling systems and other vehicles	1,821.4	(1,396.3)	**425.1**	417.7
Other property, plant and equipment	2,002.1	(1,483.8)	**518.3**	253.9
Property, plant and equipment in progress	549.6	(36.9)	**512.7**	542.4
PROPERTY, PLANT AND EQUIPMENT	**17,074.8**	**(10,357.7)**	**6,717.1**	**6,637.5**

9. INVESTMENTS IN JOINT VENTURES

(€ million)	Share of equity		Share of net income (loss)	
	As of June 30, 2015	**As of December 31, 2014**	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014**
Chinese Water concessions	1,621.8	1,494.0	14.4	9.9
Other joint ventures	596.5	549.2	50.8	50.1
o/w Transdev Group	*418.4*	*382.0*	*25.5*	*4.4*
o/w Dalkia International	-	-	-	*26.0*
Total	**2,218.3**	**2,043.2**	**65.2**	**60.0 (*)**
o/w share of net income (loss) of equity-accounted joint ventures in continuing operations			65.2	60.6
Share of net income/(loss) of joint ventures			39.7	56.2
Share of net income (loss) of other equity-accounted entities			25.5	4.4
o/w share of net income (loss) of equity-accounted joint ventures in discontinued operations			**-**	-
(*) including goodwill depreciation and others				

9.1 Material joint ventures

The Group’s material joint ventures as of June 30, 2015 and December 31, 2014 consist of the Chinese Water concessions, comprising a combination of approximately twenty separate legal entities in which the Group holds interests of between 21% and 50% at these dates; 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.

As of June 30, 2014, material joint ventures also included Dalkia International, in Energy Services, operating primarily in Italy, Poland, the Czech Republic, China and Lithuania. Following implementation, on July 25, 2014, of the agreement between EDF and Veolia, Dalkia International, previously equity-accounted in the Group consolidated financial statements, is fully consolidated from that date.

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 (at 100%) - Chinese Water Concessions

	As of June 30, 2015	As of December 31, 2014
Current assets	1,377.7	1,241.6
Non-current assets	5,822.9	5,220.3
TOTAL ASSETS	**7,200.6**	**6,461.9**
Equity attributable to owners of the Company	3,535.1	3,232.0
Equity attributable to non-controlling interests	341.2	308.0
Current liabilities	2,157.4	1,887.9
Non-current liabilities	1,166.9	1,034.0
TOTAL EQUITY AND LIABILITIES	**7,200.6**	**6,461.9**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	636.7	586.1
Current financial liabilities (excluding trade and other payables and provisions)	795.0	709.6
Non-current financial liabilities (excluding trade and other payables and provisions)	567.4	494.9

INCOME STATEMENT	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014**
Revenue	898.6	703.9
Operating income	109.3	81.9
o/w depreciation and amortization	*(89.3)*	*(68.0)*
Net income (loss) from continuing operations	61.2	38.3
Net income (loss) attributable to non-controlling interests	(9.7)	(6.1)
Net income (loss) attributable to owners of the Company at the Chinese Water concession level	51.5	32.2
Net income (loss) for the period	61.2	38.3
Other comprehensive income for the period	339.2	(51.7)
Total comprehensive income for the period	400.4	(13.4)

DIVIDENDS	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014**
Dividends received from the joint venture	14.7	6.5

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 June 30, 2015**	**As of December 31, 2014**
Net assets of the Chinese Water concession joint ventures	3,535.1	3,232.0
Proportion of the Group's ownership interest in the Chinese Water concession joint ventures	30.24%	30.24%
Goodwill	285.9	263.1
Other	266.9	253.5
Carrying amount of the Group's interest in the Chinese Water concession joint ventures	**1,621.8**	**1,494.0**

As the Chinese Water concessions are a combination of 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 contributions 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 combined 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)	Half-year ended June 30, 2015	Half-year ended June 30, 2014
Net income (loss) for the period of the Chinese Water concession joint ventures	51.5	32.2
Percentage of the Group's ownership interest in the Chinese Water concession joint ventures	30.24%	30.77%
	(1.1)	-
Group share of net income (loss) of the Chinese Water concession joint ventures	**14.4**	**9.9**

9.2 Other joint ventures

Other joint ventures primarily consist of the Group's stake in Transdev Group of €418.4 million as of June 30, 2015 and €382.0 million as of December 31, 2014.

The Group also holds interests in joint ventures that are not individually material, with a total net carrying amount of €178.1 million as of June 30, 2015.

9.3 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.

10. NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS

Operating financial assets comprise financial assets resulting from the application of IFRIC 12 on accounting for concession contracts and from the application of IFRIC 4.

Movements in the net carrying amount of current and non-current operating financial assets during the first six months of 2015 are as follows:

(€ million)	As of June 30, 2015	As of December 31, 2014 Represented
Gross	1,940.9	1,896.8
Impairment losses	(14.8)	(14.3)
NON-CURRENT OPERATING FINANCIAL ASSETS	**1,926.1**	**1,882.5**
Gross	145.2	137.2
Impairment losses	(10.1)	(10.0)
CURRENT OPERATING FINANCIAL ASSETS	**135.1**	**127.2**
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**2,061.2**	**2,009.7**

The €51.5 million increase in operating financial assets during the first six months of 2015 is primarily due to:

- new operating financial assets (net of the acquisition debt of these operating financial assets of €3.7 million) of €46.2 million, mainly representing an increase in financial receivables for pre-existing contracts (particularly in the Europe excluding France segment in the amount of €29.2 million and the Rest of the World segment in the amount of €12.8 million);

- principal payments on operating financial assets of €82.3 million (particularly in the Europe excluding France segment in the amount of €39.4 million and the Rest of the World segment in the amount of €36.1 million);
- foreign exchange translation gains of €98.7 million, primarily due to movements in the pound sterling for €50.7 million and in the Chinese renminbi yuan for €22.1 million.

11. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

Movements in the value of other non-current and current financial assets during the first six months of 2015 are as follows:

(€ million)	Non-current		Current		Total	
	As of June 30, 2015	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented
Gross	503.6	920.5	664.0	246.8	1,167.6	1,167.3
Impairment losses	(76.1)	(69.9)	(42.7)	(45.7)	(118.8)	(115.6)
FINANCIAL ASSETS IN LOANS AND RECEIVABLES	**427.5**	**850.6**	**621.3**	**201.1**	**1,048.8**	**1,051.7**
OTHER FINANCIAL ASSETS	**16.8**	**16.1**	**2.0**	**2.0**	**18.8**	**18.1**
TOTAL OTHER FINANCIAL ASSETS	**444.3**	**866.7**	**623.3**	**203.1**	**1,067.6**	**1,069.8**

There has been no material change in non-current and current financial assets since December 31, 2014.

As of June 30, 2015, the main non-current and current financial assets in loans and receivables include particularly loans granted to equity-accounted joint ventures totaling €585.1 million, compared with €619.3 million as of December 31, 2014.

These loans mainly concern:

- the Chinese Water Concessions in the amount of €113.9 million, as of June 30, 2015, compared with €90.4 million as of December 31, 2014;
- Transdev Group in the amount of €405.4 million as of June 30, 2015, compared with €465.3 million as of December 31, 2014, which have been reclassified, as a whole, in currents financial assets (maturity : March 3, 2016).

12. WORKING CAPITAL

Movements in net working capital (“WCR”) during the first six months of 2015 are as follows:

(€ million)	**As of June 30, 2015**	As of December 31, 2014 Represented
Inventories and work-in-progress, net	734.8	729.9
Operating receivables, net	9,246.2	8,650.4
Operating payables, net	9,640.7	9,677.3
NET WORKING CAPITAL	**340.3**	**(297.0)**

Net working capital includes “operating” working capital (inventories, trade receivables, trade payables and other operating receivables and payables), “tax” working capital (current tax receivables and payables) and “investment” working capital (receivables and payables in respect of capital expenditure).

The change in net working capital includes an effect tied to the seasonality of the Group’s businesses. Net working capital was -€134.6 million as of June 30, 2014.

The €637.3 million change in Net working capital presented above includes the change in “operating” working capital presented under Changes in working capital in the cash flow statement of €601.1 million, the change in “tax” working capital included in Income taxes paid in the cash flow statement of -€10.0 million, and the change in “investment” working capital included under Industrial investments in the cash flow statement of €46.2 million.

13. CASH AND CASH EQUIVALENTS

Movements in cash and cash equivalents during the first six months of 2015 are as follows:

(€ million)	**As of June 30, 2015**	As of December 31, 2014 Represented
Cash	846.2	820.7
Cash equivalents	886.7	2,327.9
CASH AND CASH EQUIVALENTS	**1,732.9**	**3,148.6**
Bank overdrafts and other cash position items	246.9	216.4
Net cash	**1,486.0**	**2,932.2**

Investment supports used by the Group include UCITS (Undertakings for Collective Investment in Transferable Securities), negotiable debt instruments (bank certificates of deposit, negotiable medium term notes and treasury notes with a maturity of less than three months), as well as the term deposit accounts held with leading commercial banks.

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

As of June 30, 2015, the France segment held cash of €18.5 million, the Europe excluding France segment held cash of €238.2 million, the Rest of the World segment held cash of €232.7 million, the Global Businesses segment held cash of €135.6 million and the Other segment held cash of €221.2 million (including €117.2 million held by Veolia Environnement).

As of June 30, 2015, cash equivalents were primarily held by Veolia Environnement SA (€800.8 million). They included monetary UCITS of €294.0 million and term deposit accounts of €506.8 million.

The decrease in net cash primarily reflects the redemption of the inflation-linked bond line in June 2015 in the nominal amount of €1.0 billion.

Transfers of financial assets

The Group has regular recourse to factoring throughout the year.

Accordingly, receivables totalling €125 million were assigned under these programs during the fisrt half-year 2015.

14. EQUITY

14.1 Equity attributable to owners of the Company

Share capital

The share capital is fully paid up.

Number of shares outstanding and par value

The number of shares outstanding was 562,301,801 as of June 30, 2015, compared with 562,301,801 as of June 30, 2014 and 562,301,801 as of December 31, 2014 (including treasury shares held by Veolia Environnement). The par value of each share is €5.

Offset of treasury shares against equity

The Group held 13,797,975 of its own shares as of June 30, 2015, representing 2.5% of the Company's share capital. The Group also held 13,797,975 shares as of December 31, 2014, representing 2.5% of the Company's share capital. Veolia Environnement did not perform any purchase or sales transactions in its own shares in the first six months of 2015.

Appropriation of net income and dividend distribution

A dividend of €384.0 million was distributed by Veolia Environnement SA, appropriated from consolidated reserves. The 2014 Net income/(loss) attributable to owners of the Company of €241.8 million was appropriated to consolidated reserves.

Foreign exchange translation reserves

As of June 30, 2015, the increase in foreign exchange translation reserves (portion attributable to owners of the Company) is €169.7 million.

Accumulated foreign exchange translation reserves as of June 30, 2015 total €439.8 million (portion attributable to owners of the Company), including €537.2 million for the Chinese renminbi yuan, €239.5 million for the U.S. dollar, -€126.5 million for the pound sterling and -€217.4 million for the Hong Kong dollar.

Movements in foreign exchange translation reserves (attributable to owners of the Company and non-controlling interests)

(€ million)	**Total**	o/w Attributable to owners of the Company
As of December 31, 2014	**348.0**	**270.1**
Translation differences on the interim financial statements of subsidiaries drawn up in a foreign currency	314.7	261.9
Translation differences on net foreign investments	(92.2)	(92.2)
Movements during the first six months of 2015	**222.5**	**169.7**
Translation differences on the interim financial statements of subsidiaries drawn up in a foreign currency	835.9	703.1
Translation differences on net foreign investments	(265.3)	(263.3)
As of June 30, 2015	**570.5**	**439.8**

Fair value reserves

Fair value reserves attributable to owners of the Company total €22.6 million as of June 30, 2015.

Fair value reserves as of June 30, 2015 mainly include fair value adjustments to interest-rate derivatives hedging floating-rate borrowings.

Actuarial gains and losses on pension obligations

The change in actuarial gains or losses on pension obligations, for the portion attributable to owners of the Company, represents an actuarial loss of - €10.0 million as of June 30, 2015 (actuarial loss of - €25.0 million as of June 30, 2014) largely due to changes in discount and inflation rates, primarily in the Euro zone.

14.2 Non-controlling interests

A breakdown of movements in non-controlling interests is presented in the Statement of changes in equity.

The decrease in non-controlling interests in the first six months of 2015 was primarily due to net income for the period offset by dividend distributions by subsidiaries and changes in consolidation scope.

Net income attributable to non-controlling interests is €82.0 million for the half-year ended June 30, 2015, compared with of €55.8 million for the half-year ended June 30, 2014.

In the first six months of 2015, this item primarily concerns minority interests in subsidiaries of the Europe excluding France (€52.3 million) and Rest of the World (€28.8 million) operating segments.

14.3 Deeply subordinated securities

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.

15. NON-CURRENT AND CURRENT PROVISIONS

In accordance with IAS 37, provisions maturing after more than one year are discounted. The discount rate calculation methodology is presented in Note 2, “Use of management estimates in the application of Group accounting standards”.

Movements in provisions during the first six months of 2015 are as follows:

(€ million)	**Non-current**		**Current**		**Total**	
	As of June 30, 2015	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented
Provisions excluding pensions and other employee benefits	1,211.9	1,180.4	521.9	552.9	1,733.8	1,733.3
Provisions for pensions and employee benefits	823.4	778.4	-	-	823.4	778.4
TOTAL	**2,035.3**	**1,958.8**	**521.9**	**552.9**	**2,557.2**	**2,511.7**

Provisions as a whole increased by €45.5 million in the first six months, including €43.9 million in respect of the unwinding of the discount in the first-half of 2015.

Provisions excluding pensions and other employee benefits as of June 30, 2015, primarily include provisions for closure costs and post-closure costs (site rehabilitation, dismantling) of €689.8 million, accounted in France in recycling and recovery wate activities for €236.0 million and in United Kingdom for €205.0 million

Movements in provisions excluding provisions for pensions and other employee benefits are not individually material and do not require specific comment.

Provisions for pensions and other employee benefits increased by €45.0 million over the half-year, mainly due to charges for the period of €24.3 million and provision reversals of -€28.7 million, offset by actuarial gains of €18.4 million and the impact of exchange rate fluctuations in the amount of €23.1 million.

16. NON-CURRENT AND CURRENT BORROWINGS

Movements in non-current and current borrowings during the first six months of 2015 are as follows:

	Non-current		Current		Total	
(€ million)	**As of June 30, 2015**	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented	**As of June 30, 2015**	As of December 31, 2014 Represented
Bonds	7,018.3	7,482.1	413.2	1,059.6	**7,431.5**	8,541.7
Other borrowings	785.4	842.4	2,501.6	1,943.5	**3,287.0**	2,785.9
TOTAL NON-CURRENT AND CURRENT BORROWINGS	**7,803.7**	**8,324.5**	**2,914.8**	**3,003.1**	**10,718.5**	**11,327.6**

16.1 Bonds

Breakdown of bonds

Publicly offered or traded issuances included in non-current bonds total €6,842.3 million as of June 30, 2015, including €390.0 million (euro-equivalent) issued on the U.S. market.

The portion of bonds reclassified as current borrowings in the first half of 2015 totaled €403.5 million and primarily concerned the euro bond line maturing in February 2016 in the amount of €387.7 million

Change in bonds

The decrease in current and non-current bonds in the first-half of 2015 is mainly due to the repayment of the inflation-linked 2015 euro bond line maturing in June 2015 in the nominal amount of €1,032 million.

16.2 Other borrowings

Breakdown of other borrowings

Other borrowings transferred to current borrowings in the first half of 2015 totaled €74.0 million.

Change in other borrowings

The increase in current and non-current other borrowings is mainly due to the increase in treasury notes held by Veolia Environnement in the amount of €605.8 million.

16.3 Information on early debt repayment clauses

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.

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 due diligence performed within the subsidiaries, the Group considers that the covenants included in the Group's material financing agreements were satisfied (or had been waived by lenders) as of June 30, 2015.

17. 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*.

BREAKDOWN OF REVENUE

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented**
Services rendered	9,735.9	8,733.9
Sales of goods	841.4	899.9
Revenue from operating financial assets	84.1	87.7
Construction	1,656.2	1,760.9
Revenue	**12,317.6**	**11,482.4**

Sales of goods mainly concern sales of technological solutions in the Water business and sales of products relating to recycling activities in the Waste business. Sales of goods are primarily generated in France (€281.4 million), the United Kingdom (€118.6 million) and Germany (€202.3 million).

A breakdown of revenue by operating segment is presented in Note 4.

18. OPERATING INCOME

Operating income is calculated as follows:

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented**
Revenue	**12,317.6**	**11,482.4**
Cost of sales	**(10,167.8)**	**(9,589.8)**
- o/w renewal expenses	*(141.1)*	*(180.3)*
Selling costs	**(276.5)**	**(258.2)**
General and administrative expenses	**(1,218.0)**	**(1,145.1)**
Other operating revenue and expenses	**9.3**	**(76.6)**
- Impairment losses on goodwill	0.1	(1.5)
- Restructuring	7.6	(24.0)
o Restructuring charges	*(52.2)*	*(24.6)*
o Net charges to operating provisions	*59,8*	*0,6*
- Personnel costs – share-based compensation	(2.4)	-
- Net impairment losses on property, plant and equipment, intangible assets and operating financial assets	4.0	(51.1)
Operating income before share of net income (loss) of equity-accounted entities	**664.6**	**412.7**
Share of net income (loss) of equity-accounted entities	**52.8**	**69.1**
Operating income after share of net income (loss) of equity-accounted entities	**717.4**	**481.8**

Provision movements recognized in operating income in cost of sales in the half-year ended June 30, 2015 concern current and non-current assets and provisions (excluding working capital) in the amount of +€26.4 million and are primarily recorded in the France operating segment in the amount of €25.7 million.

19. NET FINANCE COSTS

The income and expense balances making up net finance costs are as follows:

(€ million)	**Half-year ended June 30, 2015**	**Half-year ended June 30, 2014 Represented**
Finance income	26.3	24.3
Finance costs	(257.1)	(259.1)
Net finance costs	**(230.8)**	**(234.8)**

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), net of cash and cash equivalents and excluding fair value adjustments to derivatives hedging debt.

Finance costs and finance income represent the cost of borrowings net of income from 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.

20. OTHER FINANCIAL INCOME AND EXPENSES

(€ million)	Half-year ended June 30, 2015	Half-year ended June 30, 2014 Represented
Net gains and losses on loans and receivables	9.6	40.8
Capital gains and losses on disposals of financial assets(1)	63.0	43.5
Net gains and losses on available-for-sale assets	1.8	2.1
Assets and liabilities at fair value through the Consolidated Income Statement	0.2	(0.1)
Unwinding of the discount on provisions	(22.0)	(23.6)
Foreign exchange gains and losses	4.0	0.1
Other	(9.8)	(3.4)
Other financial income and expenses	**46.8**	**59.6**

(1) Net of disposal costs for an amount of -€2.6 million as of June 30,2015 againt -€9.4 million as of June 30, 2014

Capital gains and losses on disposals of financial assets registered in the first half of 2015 mainly concern the sale of Group's activities in Israel in the amount of €43.6 million.

As a reminder, net gains and losses on loans and receivables include income from Dalkia International loans in the amount of €35.6 million in the first-half of 2014.

21. INCOME TAX EXPENSE

The income tax expense breaks down as follows:

(€ million)	Half-year ended June 30, 2015	Half-year ended June 30,2014 Represented
Net income (loss) from continuing operations (a)	**434.7**	**210.0**
Other operating income and expenses in respect of joint ventures and associates (impairment of goodwill) (b)	-	(1.5)
Share of net income (loss) of joint ventures (b)	39.7	56.2
Share of net income (loss) of associates (b)	13.1	12.9
Share of net income (loss) of other equity-accounted entities (b)	25.5	4.4
Income tax expense (c)	**(124.2)**	**(101.0)**
Net income from continuing operations before tax (d)= (a)-(b)-(c)	**480.6**	**239.0**
Effective tax rate - (c)/(d)	**25.8%**	**42.3%**

The income tax expense is -€124.2 million for the half-year ended June 30, 2015, compared with -€101,0 million for the half-year ended June 30, 2014.

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 solely 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.

Since June 30, 2011, Veolia Environnement does not recognize any deferred tax assets in respect of its French tax group. This position was maintained as of June 30, 2015.

The Group recognized deferred tax assets in respect of its losses in the Consolidated Statement of Financial Position as of June 30, 2015, based on tax planning of the US tax group.

22. ADDITIONAL DISCLOSURES ON FINANCIAL ASSETS AND LIABILITIES

22.1 Disclosures on the fair value of financial assets and liabilities

The main financial asset and liability categories of the Group are unchanged on those identified on the preparation of the consolidated financial statements for the year ended December 31, 2014. In addition, differences between the fair value and net carrying amount of these main financial asset and liability categories have not materially changed since December 31, 2014.

22.2 Offsetting of financial assets and liabilities

As of December 30, 2015, derivatives managed under ISDA ("International Swaps and Derivatives Association") or EFET ("European Federation of Energy Traders") 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 €172.3 million and in liabilities in the amount of €243.8 million in the Consolidated Statement of Financial Position as of June 30, 2015.

23. 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.

The Group has included in its estimate of risks as of June 30, 2015, the charges that could arise from these tax 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.

On March 10, 2010, Veolia 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 NOPAs 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 June 30, 2015, 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 has not recorded any provisions in its consolidated financial statements in respect of the NOPAs and recognizes a deferred tax asset in respect of a portion of these tax losses.

In the context of this audit, the IRS issued several summonses in reply to which VENAO submitted a number of documents. On January 5, 2013, considering the response to the summonses inadequate, the U.S. Department of Justice brought an action against VENAO before the U.S. District Court of the State of Delaware for enforcement of these summonses. This procedure is still ongoing.

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. A new audit covering fiscal years 2009 to 2011 was launched by the IRS at the end of 2013. This audit is still ongoing and no revised assessments have been notified to date.

24. OFF-BALANCE SHEET COMMITMENTS AND COLLATERAL

24.1 Commitments relating to the Group and its subsidiaries

24.1.1 Commitments given

Commitments given breakdown as follows:

(€ million)	As of December 31, 2014	**As of June 30, 2015**	*Maturing in* Less than 1 year	1 to 5 years	More than 5 years
Commitments relating to operating activities	**9,876.8**	**10,347.7**	**4,839.4**	**3,677.8**	**1,830.5**
Operational guarantees including performance bonds	9,639.6	10,093.3	4,740.2	3,528.0	1,825.1
Purchase commitments	237.2	254.4	99.2	149.8	5.4
Commitments relating to the consolidated scope	**1,039.2**	**1,026.8**	**288.9**	**208.0**	**529.9**
Vendor warranties	1,021.6	984.3	270.5	185.1	528.7
Purchase commitments	4.2	1.7	0.8	0.7	0.2
Sale commitments	0.3	0.3	0.3	-	-
Other commitments relating to the consolidated scope	13.1	40.5	17.3	22.2	1.0
Financing commitments	**655.7**	**653.0**	**464.1**	**151.1**	**37.8**
Letters of credit	464.8	460.6	407.1	48.0	5.5
Debt guarantees	190.9	192.4	57.0	103.1	32.3
Total commitments given	**11,571.7**	**12,027.5**	**5,592.4**	**4,036.9**	**2,398.2**

Commitments given break down by operating segment as follows:

(€ million)	**As of June 30, 2015**	As of December 31, 2014
France	202.0	182.3
Europe, excluding France	1,905.0	1,746.0
Rest of the world	1,346.4	1,432.2
Global Businesses	3,948.5	3,750.5
Other	4,625.6	4,460.8
Total	**12,027.5**	**11,571.7**

The fluctuation of commitments given between Dember 31, 2014 and June 30, 2015 is mainly due to exchange rate variances (+€600.0 million).

In addition to commitments given, Veolia Environnement has also granted commitments of unlimited amount related to operational performance bonds, in respect of a construction contract and operating contracts for waste processing in Hong Kong, in Water and Waste activities.

These commitments are limited to the terms of the related contracts and were approved in advance by the Board of Directors of Veolia Environnement.

Commitments relating to operating activities

Total commitments given in respect of construction activities of Veolia Water Solutions & Technologies amount to €3,291.4 million as of June 30, 2015 compared with €3,319.2 million as of December 31, 2014.

Total commitments received (see below) in respect of these same activities amount to €617.1 million as of June 30, 2015 compared with €593.7 million as of December 31, 2014.

Commitments given and received in respect of the four principal contracts account for approximately 53% of total commitments.

Commitment given relating to the consolidation scope

- **Vendor warranties**

Vendor warranties primarily include:

- warranties given on the divestiture of the investment in Berlin Water of €484.0 million;
- warranties linked to the sale in 2004 of Water activities in the United States in the amount of €111.7 million;
- warranties given to Caisse des Depots et Consignations in respect of Veolia Transport, pursuant to the March 3, 2011 combination of Veolia Transport and Transdev Group, of approximately €161.3 million;
- warranties given on the divestiture of American and European wind energy activities of €38.0 million ;
- warranties given to EDF linked to the redistribution transaction, estimated to €35.0 million ;
- warranties given on the divestiture of Group's activities in Israël of € 48.5 million.

- **Purchase commitments**

These include commitments given by Group companies to purchase shares in other companies or to invest. As of June 30, 2015, these commitments total €1.7 million (€4.2 million as of December 31, 2014).

- **Agreements with EDF**

Further to the completion of the agreement on July 25, 2014, Veolia Environnement granted EDF a call option covering its Dalkia International, renamed Veolia Energie Internation, shares exercisable should an EDF competitor take control of this company. Likewise, EDF granted Veolia Environnement a call option covering all of its Dalkia France shares, exercisable should a Veolia Envieonnement competitor take control.

- **Agreements with Caisse des Depots et Consignation**

Veolia Environnement granted Caisse des Depots et Consignation a call option covering all of its Transdev Group shares exercisable in the event of a change in control of Veolia.

Collateral guaranteeing borrowings

As of June 30, 2015, the Group has granted €192.0 million of collateral guarantees in support of borrowings, including €121.5 million in support of joint venture borrowings.

24.1.2 Commitments received

(€ million)	**As of June 30, 2015**	As of December 31, 2014
Guarantees received	**1,556.1**	**1,518.4**
Operational guarantees	1,117.8	1,075.9
Guarantees relating to the consolidation scope	166.4	162.4
Financing guarantees	271.9	280.1

Commitments mainly consist of commitments received from our partners in respect of construction contracts.

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 €85 million.

In addition, the Group has undrawn medium and short-term credit lines and syndicated loan facilities in the amount of €3.9 billion.

24.2 Commitments relating to joint ventures

Group commitments given to joint ventures (100%) are as follows:

(€ million)	**As of June 30, 2015**	**As of December 31, 2014**
Commitments relating to operating activities	748.9	757.4
Commitments relating to the consolidated scope	-	-
Financing commitments	201.6	200.3
Total commitments given	**950.5**	**957.7**

25. 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 with respect to the following legal or arbitration proceedings as of June 30, 2015, due to the uncertain nature of their outcome.

The main contingent assets and liabilities relating to legal or arbitration proceedings are presented below:

United States – HPD vs. TETRA Technologies

In November 2007, HPD, LLC, an indirect subsidiary of the Company, entered into an engineering and equipment supply contract (the “Contract”) with TETRA Technologies (“TETRA”) for a new calcium chloride manufacturing plant located near El Dorado, Arkansas in the United States. The Contract contains clauses providing for delay and performance liquidated damages, a waiver of consequential damages, a limitation of liability capped at the amount of the Contract and an arbitration clause providing for mandatory arbitration of any disputes according to the rules of the American Arbitration Association. The amount of the Contract was fully paid by TETRA.

On March 23, 2011, TETRA filed an action against HPD in the local court of the state of Arkansas (the “Circuit Court of Union County Arkansas”) claiming that the plant’s production does not comply with the expected quantities and concentration levels. TETRA is asserting claims against HPD for:

- Principally, professional negligence and design errors and omissions, as well as fraud; to this end, TETRA alleges that the Contract is null and void, on the grounds that HPD was not licensed as an engineering company in the state of Arkansas;
- Alternatively, contractual breaches.

In April 2011, HPD asked the Circuit Court of Union County to apply the arbitration clause provided for by the Contract and to transfer the dispute to arbitration; in parallel, it contested being subject to the licensing requirement. On November 1, 2012, the Supreme Court of Arkansas granted HPD's request, which had been rejected by the Circuit Court of Union County in November 2011.

The parties appointed the members of the arbitral tribunal. In a decision dated October 2, 2014, the tribunal confirmed its jurisdiction of the dispute. There is favorable language in its ruling that the parties Contract does not allow for the award of consequential damages. On January 29, 2015, TETRA asserted its claim for damages and interest at $86 million, of which $26.6 million is for past remedial action, $36 million for future remedial action and $24 million for lost profits. Discovery is underway and ongoing. The final arbitration hearing is scheduled for March 21, 2016.

This dispute was subject to claims under the insurance policy taken out by HPD. Zurich insurance company has reserved its rights with respect to the guarantee from which HPD benefited in the event of a potential unfavorable decision in the current proceeding.

Although the outcome of this dispute cannot be determined with certainty, the company estimates, based on currently available information, that this dispute should not have a significant impact on its financial situation or its results

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 a result of chronic late payments by the concession authorities to those companies, the group of companies Veolia Servizi Ambientali Tecnitalia S.p.A ("VSAT"), which specializes in waste incineration in Italy, filed on April 18, 2012 a request for an amicable settlement procedure, called *concordato preventivo di gruppo* ("CPG") with La Spezia Civil Court. On March 20, 2013, La Spezia Civil Court acknowledged that the majority of creditors had voted in favor of the CPG. On July 17, 2013, the Court approved the CPG. Several creditors appealed this ruling before the Genoa Court, which reversed the decision on January 9, 2014.

On March 12, 2014, the judge of the Genoa Court of Appeals rejected the request to suspend the January 9, 2014 decision filed by the companies of the VSAT group. The March 12, 2014 ruling is contrary to established case law and to the position of the Italian Supreme Court; it represents an isolated decision and a reversal in case law.

In light of the foregoing, on May 19, 2014, the companies of the VSAT group filed a request for the opening of judicial liquidation proceedings (*fallimento*) with La Spezia Court, which decided on June 25, 2014 to place these companies under judicial liquidation in a single procedure and appointed two receivers. One creditor requested that the receivers and reporting judge appointed by the La Spezia Court be removed. A hearing took place before such court on August 29, 2014, and the court subsequently rejected the request on September 23, 2014. The creditor then lodged an appeal before the Genoa Court of Appeals, which also rejected the request on December 29, 2014. A first hearing was held on March 4, 2015 before La Spezia Court to discuss the current liabilities of the companies of the VSAT group with the creditors of the group. Three other hearings, on the same topics, were held on April 8, April 29 and May 27, 2015. La Spezia Court will now verify claims registered during the bankruptcy and is expected to prepare a statement of liabilities before the end of 2015.

Additionally, on April 3, 2014, the Company was informed of a notice of the Reggio Calabria (Calabre) prosecutor's office relating to the conclusion of the preliminary investigation with the indictment of certain former TEC executives, certain TEC site managers, the former Calabria extraordinary commissioner and deputy commissioners, and certain transporters and managers of private landfills, as well as TEC as a legal entity. The alleged facts include fraud in the execution of the concession contract, illegal traffic of waste in an organized syndicate, fraud against a public legal person, fraud in public markets and allegations of corruption. The Reggio Calabria prosecutor's office requested that the indicted individuals and legal entity (TEC) face trial before the Criminal Court. A preliminary hearing is scheduled for October 12, 2015 to rule on the merits of the prosecutor's request.

The events that have taken place since the beginning of 2015 have not had no impact on the consolidated accounts as at June 30, 2015.

Energy – Lithuania – Competition Council

On January 18, 2011, UAB Vilniaus Energija ("UVE"), an indirect subsidiary of the Company, signed with UAB Bionovus a 5-year biofuel supply agreement (the "Contract") in order to provide heat to the city of Vilnius, for which it manages the network. On February 25, 2013, the Competition Council of the Republic of Lithuania (the "Competition Council") decided to carry out an investigation regarding compliance of operators in heat and biofuel production and supply with Lithuanian competition law.

On October 3, 2014, UVE representatives held a meeting with the Competition Council related to the Contract. During this non-formal meeting, the Competition Council indicated for the first time that the Contract may violate Lithuanian competition law. On

February 9, 2015, UVE firmly contested this allegation and responded to the Competition Council with a detailed note, indicating that:

- The supplies involved were subject to a call for tenders;
- Minimal quantities to be purchased according to the Contract only cover 50% of the actual needs of UVE and the surplus (up to UVE's maximum needs) was neither directly nor indirectly limited by the Contract to be purchased from UAB Bionovus;
- The relevant market of biofuel used by the Competition Council for its investigation is not justified in either its product market definition because it does not match the needs and the technical requirements in this field, or in its geographic market definition, because it is limited to a radius of 100 km around the city of Vilnius, while the geographical coverage of the supply is much larger;
- The calculation and the comparison procedures of the prices used by the Competition Council are inaccurate, notably because of the additional safety and reliability requirements of the supply under the Contract.

On April 10, 2015, the Competition Council concluded its investigation by maintaining its position.

On June 10, 2015, UVE firmly contested the allegations and responded to the Competition Council with a detailed explanation.

Although the outcome of this dispute cannot be determined with certainty, the company estimates that this dispute should not have a significant impact on its financial situation or its results.

<u>Other segments – *Société Nationale Maritime Corse Méditerranée* ("SNCM")</u>

A number of legal proceedings have been initiated in relation to *Société Nationale Maritime Corse Méditerranée* ("SNCM"), a subsidiary of Transdev Ile de France.

Corsica Ferries Actions Relating to Public Service Delegation Agreements "PSD"

Corsica Ferries initiated a number of proceedings, beginning in June 2007, challenging the award to SNCM/CMN group of a contract (a public service delegation agreement or "PSD") for marine service to Corsica for the period from 2007 to 2013. This request was denied by a judgment of the Bastia administrative court on January 24, 2008. A number of appeals procedures followed. 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. The Marseille administrative court of appeal is expected to issue an order for the termination of the proceedings or a notice for a hearing.

The new PSD, allocated to SNCM/CMN for a ten-year term from January 1, 2014, was signed on September 24, 2013. On November 15, 2013, Corsica Ferries brought an action before the Bastia administrative court for the cancellation of the new PSD. In its ruling of April 7, 2015, the Bastia administrative court decided that the PSD executed on September 24, 2013 between CTC and SNCM/CMN would be terminated as of October 1, 2016. SNCM appealed this ruling. In parallel, the European Commission is examining the validity of the new PSD.

Action by Veolia Transport (now Transdev Ile de France) for Cancellation of Privatization MOU of May 16, 2006

The acquisition by Veolia Transport of an interest in SNCM from *Compagnie Générale Maritime et Financière* ("CGMF") in 2006 was conditioned on the concession authority maintaining the marine service to Corsica under a public service delegation agreement. On January 13, 2012, Veolia Transport notified CGMF of its decision to exercise the cancellation clause in the privatization Memorandum of Understanding subsequent to the decision of the Marseille administrative court of November 7, 2011 setting aside the 2007 deliberation allocating the public service delegation to the SNCM-CMN group. 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 proceeding continues, and the next procedural hearing is scheduled to be held on September 7, 2015 for Veolia Transport's reply brief.

State Aid Actions

Corsica Ferries 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 the European Commission's prior authorization. On September 11, 2012, the General Court of the European Union partially overturned 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. The decision of the Court of Justice of the European Union dismissed the appeals on September 4, 2014. 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 by 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 on January 31, 2014. As the decision was published on December 12, 2014, SNCM filed an application for the reversal of this decision before the General Court of the European Union on January 2, 2015.

In addition, on June 27, 2012, the European Commission announced that it had opened investigative proceedings aimed at determining whether subsidies received by SNCM and CMN for 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 that the subsidies received for the "basic service" (the permanent service, provided year-round) constituted illegal aid (since it had not been subject to prior notification) but were compatible with the common market. However, it found that the subsidies paid to SNCM for the "additional service" (additional capacity to be implemented during peak periods) constituted illegal aid and were incompatible with the common market. It ordered France to immediately terminate the payment of such aid and recover certain incompatible aid already received by SNCM for the "additional service." According to the Commission, this aid could amount to approximately €220 million, excluding interest. On July 12, 2013, the French state filed with the General Court of the European Union and with its president, respectively, an application for the reversal of the decision of the Commission and for stay of its implementation. On August 14, 2013, the Company was informed that the territorial collectivity of Corsica suspended the payment of the additional service subsidy to SNCM. On August 26, 2013, the Company also filed an application for reversal of the decision of the European Commission of May 2, 2013. On August 29, 2013, the motion for a stay of implementation 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. Maintaining that France had not complied with the obligations imposed upon it by the ruling of May 2, 2013, the Commission announced its decision to initiate infringement proceedings against France before the Court of Justice of the European Union on February 10, 2014.

On November 7 and 19, 2014, the OTC issued two orders against SNCM to enforce the Commission's decision of May 2, 2013, one relating to the collection of the amount in principal of the subsidies paid to SNCM with respect to the "additional" service, assessed at €167,263,000, and the other in an amount of €30,533,576 relating to interest, i.e. a total of €197,796,576. On December 8, 2014, SNCM also filed an application with the Bastia administrative court for the annulment of such orders. On December 10, 2014, SNCM also filed a motion with the same court for the suspension of the enforceable character of such orders. On January 14, 2015, the Bastia administrative court dismissed this motion for a suspension, considering the motion as purposeless, and therefore inadmissible, since SNCM benefits from the provisional suspension of the proceedings. According to the court, on the merits, the Commission's decision is enforceable but the decision of the Marseille commercial court of November 28, 2014 placing SNCM under judicial receivership prevents the payment of the €197,796,576.

In its ruling of July 9, 2015, the Court of Justice of the European Union allowed the infringement proceedings initiated by the European Commission on February 10, 2014 and maintained that France had breached its obligations by not immediately suspending the transfer of aid deemed incompatible and by not taking the necessary measures for their recovery within the legal time limitations.

French Competition Council Action by Corsica Ferries

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). No statement of objections has yet been served.

Financial situation and judicial receivership of SNCM

As a result, and in particular in light of the two proceedings relating to State aid, a number of measures have been taken in relation to the difficult financial situation of SNCM.

On December 31, 2013 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, 2014 which blocked SNCM's activity. The strike came to an end thanks to the State's agreement to set up a working group of the *Caisse des Dépôts et Consignation* and the *Banque Publique d'Investissement* to study financing solutions for new ships in expectation of an order before June 30, 2014 as well as its promise to adopt 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. The State then granted SNCM two successive shareholder advances for a total of €20 million, due at the end of 2014. On September 2, 2014, SNCM's supervisory board approved an agreement allowing for the State to advance €10 million, corresponding to the last portion of the €30 million promised by the government. This amount was advanced on September 9, 2014.

The State, as shareholder, thus participates directly in the financing of SNCM and in the definition of its industrial strategy. During the meeting of the supervisory board 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.

After several meetings of SNCM's supervisory board between March and May 2014, where the decisions (signature of a letter of intent for the order of four ships, refusal to convene a general shareholders' meeting with a view to removing the chairman of the supervisory board) were made, with the support of the State as shareholder, against Transdev's position, the supervisory board meeting of May 12, 2014 decided not to renew the mandate of the Chairman of the management board which ended on May 31, 2014, and this with the agreement of the State as a shareholder. On May 28, 2014, the supervisory board appointed a new chairman of the management board. During SNCM's general shareholders' meeting of July 3, 2014, the chairman of the supervisory board was removed and the current general secretary of Transdev became a member of the supervisory board and was elected its chairman on July 23, 2014.

At the beginning of July 2014, the Secretary of State for Transport and the Prime Minister publically stated they were in favor of placing SNCM in judicial receivership in order to support the handling of the current difficulties it faces.

On June 24, 2014, the labor organizations initiated a strike, which they suspended on July 10, 2014, following decisions signed by the mediator of the Government and approved by Transdev with the authorization of a majority of its Board members. An agreement was reached providing for a moratorium on the initiation of insolvency reorganization procedures for four months, until October 31, 2014 (unless SNCM were to be in a situation of a suspension of payments).

As SNCM used part of the amounts under escrow (insurance compensation for the Napoléon Bonaparte) for purposes other than the payment of severance pay for the benefit of SNCM employees, on November 3, 2014, Transdev and Veolia Environnement accelerated their claims and declared them immediately payable by SNCM. The management of SNCM, in a situation of suspension of payments, officially filed for bankruptcy with the Marseille commercial court on November 4, 2014. On November 28, 2014, the Marseille commercial court opened judicial rehabilitation proceedings for the benefit of SNCM and appointed two receivers. The date of suspension of payments was provisionally set at November 4, 2014 and the end of the observation period at May 28, 2015.

On December 19, 2014, the receivers initiated the process intended to identify potential acquirers of the various assets and activities of SNCM in the context of a disposal plan and published a call for tenders including the possibility to assume the public service delegation line by line, in accordance with the European Commission's request. The offers were received on February 2, 2015.

Furthermore, in a press release dated February 13, 2015, Transdev indicated it had informed the receivers that, on certain conditions, it could make a voluntary contribution to part of the funding of the compensatory and support measures under the SNCM redundancy plan ("*Plan de Sauvegarde de l'Emploi*"). Transdev specified that this voluntary and partial financial contribution had been elaborated in reference to the SeaFrance precedent. Transdev has conditioned its financial contribution on the conclusion of a comprehensive agreement, definitively settling this case, under the authority of the commercial court of Marseille. On April 21, 2015, Transdev and CGMF, with the approval of their respective shareholders, addressed a letter to the receivers formalizing a proposal to contribute €85 million to finance the SNCM redundancy plan and voluntary redundancy plan, subject to the conclusion of a settlement approved by the commercial court, under whose terms the parties to the proceeding would waive any possible legal action against Transdev, CGMF, their executives and their shareholders. The payment would take place once the court issues its approval.

In several letters between late April and early May 2015 addressed to the permanent representation of France to the European Union, the European Commission (i) maintained that certain of the submitted offers seemed designed to ensure economic discontinuity insofar as they do not include a PSD agreement and (ii) specified the criteria for economic discontinuity within the meaning of European legislation, a solution that would avoid the need for the repayment of incompatible aid received by SNCM.

On May 11, 2015, the commercial court maintained that the three takeover offers were not admissible as such and issued a new deadline so that they could be improved, scheduling a hearing for May 27, 2015 for their review. It also extended SNCM's observation period until November 28, 2015. On May 27, 2015, the commercial court reviewed the improved offers and reserved its ruling for June 10, 2015.

In a ruling on May 28, 2015, the bankruptcy judge authorized the signature of the settlement, according to the terms of a memorandum of understanding submitted to the judge. This memorandum of understanding provides for a first settlement, which is subject to the condition that a second settlement be approved following the judicial liquidation, which would be declared after the establishment of the disposal plan. To date, SNCM is still under judicial receivership and the second part of the settlement has not been authorized by the receiver—who has not yet been appointed—or even approved by the court.

On June 5, 2015, i.e, after the deadline, two candidates, STEF-TFE, the parent company of CMN, and a consortium of Corsican businessmen, expressed their interest in taking over SNCM.

On June 10, 2015, the commercial court rejected the three offers and asked the receivers to proceed with a new call for bids, scheduling a hearing for September 25, 2015 in order to review them.

The Group is paying close attention to the developments of the judicial receivership proceedings.

In this context, the Group used the accounting treatment as described in note 3.2.2 above.

<u>Other segments - Regional aid to passenger road transportation</u>

Transdev Group was informed by a letter from the President of the Ile-de-France Regional Council dated March 3, 2014, that on June 4, 2013, the Paris Administrative Court had instructed the Ile-de-France Region to proceed with the recovery of subsidies granted to operators under the plan for the improvement of public transportation services. These subsidies were deemed to be illegal state aid by a decision of the Paris Administrative Court of Appeals of July 12, 2010, on the grounds that no notification was made to the European Commission. According to the terms of the letter, this restitution obligation could affect certain of Transdev Group's subsidiaries that may have benefited from these subsidies, because the Paris Administrative Court rejected on December 31, 2013 the Ile-de-France region's request for a stay of implementation on the restitution injunction. The Region appealed the administrative court decision of June 4, 2013; this appeal does not stay the injunction.

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 no subsidiary of the Transdev Group is a party to it. Although the Region mentions in its letter an estimated subsidized amount of approximately €98.7 million (not including interest) 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, and (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 recovery order, the Transdev Group or its concerned subsidiaries would challenge it before the administrative court.

At this stage, Transdev Group maintains the position that the local authorities (departments, municipal associations, towns, among others), 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), intends to contest any potential claims for repayment and intends to take 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 whether 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 that 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.

As this decision was published on May 9, 2014 in the Official Journal of the European Union, Transdev Group had until June 9, 2014 to submit its comments as an interested third party. By letter of May 27, Transdev Group requested a one-month time period to reply, which it obtained. On July 9, 2014, Transdev Ile-de-France filed, on its own behalf and on that of all the entities of the group active in Ile-de-France, observations in addition to those filed by OPTILE in the interest of all its members. These observations, accompanied by an economic expert's report, tend to demonstrate the total neutrality for the carriers of the disputed aid, which in reality benefits local communities, and the corresponding impossibility to seek any restitution whatsoever from the companies.

In parallel, Transdev Ile-de-France (as well as OPTILE) filed on February 27, 2015 before the Paris Administrative Court of Appeals:

- an application as a third party against the decision rendered by the same court on July 12, 2010 that had stated that the subsidies in question were illegal, in which proceedings it was not a party. To date, this proceeding has not been registered with the Registry of the Paris Administrative Court of Appeals. On July 2, 2015, the counsel of SNAV (*Syndicat autonome des transporteurs de voyageurs*) filed a statement of defense with the Court in response to this application as a third party, to which Transdev Ile-de-France intends to respond.

- voluntary intervention, before the same Court, in the context of the appeal filed before the Ile-de-France Region against the decision of the Paris Administrative Court on June 4, 2013, asking that the Ile-de-France Region issue, as a consequence of the proceeding cited above, the enforceable titles allowing the recovery of the aid at issue. Under this proceeding, on May 26, 2015, Transdev Ile-de-France filed a statement of additional observations for a stay of proceedings pending the forthcoming ruling of the European Commission or, at least, pending the ruling of the Paris Administrative Court of Appeals under the third party-proceeding (see above). On the same date, the Paris Administrative Court of Appeals issued a notice of deferral for an indefinite period.

26. RELATED-PARTY TRANSACTIONS (IN PROGRESS)

There has been no material change in related-party transactions since December 31, 2014.

27. SUBSEQUENT EVENTS

None

28. MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2015, Veolia Environnement Group accounted for a total of 2,247 companies, compared with 2,314 companies as of December 31, 2014.

The list of main subsidiaries has not significantly changed since December 31, 2014, excluding the disposal of Israel Group's activities.