

Consolidated Financial Statements for the half-year ended June 30, 2009

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS (€ million)	Notes	As of June 30, 2009	As of December 31, 2008
Goodwill	4	6,805.6	6,723.3
Concession intangible assets	5	3,703.9	3,637.7
Other intangible assets	6	1,522.5	1,535.2
Property, plant and equipment	7	9,536.9	9,427.1
Investments in associates		319.9	311.6
Non-consolidated investments		160.4	202.8
Non-current operating financial assets	8	5,266.9	5,298.9
Non-current derivative instruments - Assets	24	334.0	508.4
Other non-current financial assets	9	753.8	817.3
Deferred tax assets		1,555.9	1,579.5
Non-current assets		29,959.8	30,041.8
Inventories and work-in-progress	10	1,055.8	1,022.0
Operating receivables	10	12,270.7	13,093.2
Current operating financial assets	8	399.5	452.3
Other current financial assets	11	309.1	321.4
Current derivative instruments - Assets	24	47.4	142.8
Cash and cash equivalents	12	4,957.9	3,849.6
Assets classified as held for sale ⁽¹⁾		696.6	203.0
Current assets		19,737.0	19,084.3
Total assets		49,696.8	49,126.1

(1) The assets and liabilities classified as held for sale in June 2009, primarily represent incineration activities in the United States (Montenay International) and the Freight activities in Transportation (essentially in France, Germany and the Netherlands), as well as the assets of Veolia Propreté Nettoyage et Multiservices (VPNM) in Environmental Services and, as it was the case as of December 31, 2008, certain jointly controlled French subsidiaries in the Water segment.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (€ million)	Notes	As of June 30, 2009	As of December 31, 2008
Share capital		2,463.5	2,362.9
Additional paid-in capital		9,418.9	9,197.5
Reserves and retained earnings attributable to equity holders of the parent		(4,749.9)	(4,559.2)
Total equity attributable to equity holders of the parent	13	7,132.5	7,001.2
Total equity attributable to non-controlling interests		2,581.5	2,530.5
Equity	13	9,714.0	9,531.7
Non-current provisions	14	2,284.2	2,160.2
Non-current borrowings	15	18,343.8	17,063.9
Non-current derivative instruments – Liabilities	24	135.4	159.9
Deferred tax liabilities		1,985.3	1,936.0
Non-current liabilities		22,748.7	21,320.0
Operating payables	10	12,516.8	13,591.8
Current provisions	14	683.9	773.1
Current borrowings	16	3,041.2	3,219.7
Current derivative instruments – Liabilities	24	73.0	125.9
Bank overdrafts and other cash position items	12	619.8	465.7
Liabilities classified as held for sale (1)		299.4	98.2
Current liabilities		17,234.1	18,274.4
Total equity and liabilities		49,696.8	49,126.1

(1) The assets and liabilities classified as held for sale in June 2009, primarily represent incineration activities in the United States (Montenay International) and the Freight activities in Transportation (essentially in France, Germany and the Netherlands), as well as the assets of Veolia Propreté Nettoyage et Multiservices (VPNM) in Environmental Services and, as it was the case as of December 31, 2008, certain jointly controlled French subsidiaries in the Water segment.

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

CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	Half-year ended June 30, 2009	Half-year ended June 30, 2008 ⁽²⁾	Year ended December 31, 2008 ⁽²⁾
Revenue	17	17,426.9	17,565.7	35,846.3
o/w revenue from operating financial assets		196.5	180.2	397.9
Cost of sales		(14,499.7)	(14,402.1) ⁽¹⁾	(30,115.0)
Selling costs		(302.7)	(306.9)	(621.4)
General and administrative expenses		(1,639.3)	(1,577.0) ⁽¹⁾	(3,225.6)
Other operating revenue and expenses		15.6	12.5	49.4
Operating income	18	1,000.8	1,292.2	1,933.7
Net finance costs	19	(425.8)	(498.2)	(1,155.4)
Net finance income	19	47.0	74.7	239.9
Other financial income and expenses	20	(29.2)	(5.7)	(38.2)
Income tax expense	21	(196.8)	(221.7)	(460.0)
Share of net income of associates		6.6	9.0	18.3
Net income from continuing operations		402.6	650.3	538.3
Net income/(loss) from discontinued operations	22	(56.4)	0.4	170.9
Net income for the year		346.2	650.7	709.2
Non-controlling interests	23	125.9	150.2	304.1
Attributable to equity holders of the parent		220.3	500.5	405.1

(in euros)

Net income attributable to equity holders of the parent per share ⁽³⁾				
Diluted		0.47	1.08	0.87
Basic		0.47	1.08	0.88
Net income from continuing operations attributable to equity holders of the parent per share ⁽³⁾				
Diluted		0.60	1.08	0.64
Basic		0.60	1.09	0.65

⁽¹⁾ As part of the ongoing measures to improve productivity, the Group reclassified certain expenses between cost of sales and general and administrative expenses at the 2008 year-end. There was no impact on operating income (see Note 18 Operating income).

⁽²⁾ In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the income statements of:

- the Clemessy and Crystal entities, in the Energy Services segment, sold in December 2008, and
- the entities of the U.S. incineration activity in Environmental Services (Montenay International) and the Freight activities in Transportation (essentially in France, Germany and the Netherlands) in the process of being divested as of June 30, 2009,

were combined under a separate line item “Net income from discontinued operations” for the periods ended December 31, and June 30, 2008.

⁽³⁾ Pursuant to IAS 33, the weighted average number of ordinary shares outstanding taken into account for the calculation of net earnings per share for 2008 was adjusted following a June 2009 dividend distribution in shares. The adjusted number stands at respectively 462.0 million shares for the period ended June 30, 2008 and 462.2 million shares for the year ended December 31, 2008. For the half-year ended June 30, 2009, the weighted average number of shares stood at 464.2 million (diluted and basic).

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008	Year ended December 31, 2008
Net income for the period	346.2	650.7	709.2
Actuarial gains or losses on pension obligations*	(8.6)	(84.7)	(104.0)
Fair value adjustments on available-for-sale assets*	(12.3)	(1.8)	(18.4)
Fair value adjustments on cash flow hedge	32.6	32.6	(88.6)
Foreign exchange gains and losses:			
- on the translation of the financial statements of subsidiaries drawn up in a foreign currency	121.8	(116.5)	(279.8)
- on the net financing of foreign investments	(9.4)	34.5	(15.9)
Income and expenses recognized directly in equity	124.1	(135.9)	(506.7)
Total income and expenses recognized	470.3	514.8	202.5
o/w Attributable to equity holders of the parent	359.5	305.4	(84.4)
o/w Attributable to non-controlling interests	110.8	209.4	286.9

*These amounts are net of taxes.

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

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Notes	Half-year ended June 30, 2009	Half-year ended June 30, 2008	Year ended December 31, 2008
Net income attributable to equity holders of the parent		220.3	500.5	405.1
Net income attributable to non-controlling interests	23	125.9	150.2	304.1
Operating depreciation, amortization, provisions and impairment losses		1,103.4	917.3	2 301.6
Financial amortization and impairment losses		(2.0)	2.9	19.5
Gains (losses) on disposal and dilution		(39.2)	(39.3)	(288.2)
Share of net income of associates		(6.4)	(9.0)	(18.5)
Dividends received	20	(6.5)	(6.5)	(8.4)
Net finance costs	19	381.5	426.3	922.8
Income tax expense	21	198.1	226.5	470.9
Other items (including IFRS 2)		9.2	(5.7)	69.5
Operating cash flow before changes in working capital		1,984.3	2,163.2	4,178.4
Changes in working capital	10	(114.2)	(249.1)	(80.9)
Income taxes paid		(217.9)	(168.0)	(347.5)
Net cash from operating activities		1,652.2	1,746.1	3,750.0
Capital expenditure	31	(1,167.8)	(1,235.9)	(2,780.6)
Proceeds on disposal of intangible assets and property, plant and equipment		137.3	196.6	329.8
Purchases of investments		(124.3)	(542.3)	(800.7)
Proceeds on disposal of financial assets		57.6	46.7	361.1
Operating financial assets:	8	-	-	-
New operating financial assets		(239.5)	(203.0)	(507.0)
Principal payments on operating financial assets		263.1	193.7	358.2
Dividends received	20	9.0	9.4	15.8
New non-current loans granted	9	(21.3)	(133.2)	(252.7)
Principal payments on non-current loans	9	41.2	18.9	30.0
Net increase/decrease in current loans	11	41.7	7.9	(89.0)
Net cash used in investing activities		(1,003.0)	(1,641.2)	(3,335.1)
Net increase/(decrease) in current borrowings	16	(638.5)	(1,571.9)	(1,437.0)
New non-current borrowings and other debt	15	2,914.9	2,310.9	3,590.2
Principal payments on non-current borrowings and other debt	15	(1,183.2)	(141.7)	(184.8)
Proceeds on issue of shares		57.0	28.5	51.0
Share capital reduction		-	(131.0)	(131.0)
Purchases of treasury shares		1.9	(1.8)	3.2
Dividends paid		(402.2)	(726.9)	(754.4)
Interest paid		(431.1)	(472.0)	(847.6)
Net cash from/(used in) financing activities		318.8	(705.9)	289.6
Net cash at the beginning of the period		3,383.9	2,656.2	2,656.2
Effect of foreign exchange rate changes and others		(13.8)	17.8	23.2
Net cash at the end of the period		4,338.1	2,073.0	3,383.9
Cash & cash equivalents	12	4,957.9	2,771.5	3,849.6
Bank overdrafts and other cash position items	12	619.8	698.5	465.7
Net cash at the end of the period		4,338.1	2,073.0	3,383.9

Net cash flows attributable to discontinued operations as defined in IFRS 5 contributed for the periods ended June 30, 2009, June 30, 2008 and December 31, 2008, respectively, -€12.8 million, +€0.1 million and +€42.0 million to net cash from operating activities, +€17.8 million, -€42.6 million and +€100.0 million to net cash from investing activities and -€5.4 million, -€20.6 million and -€34.9 million to net cash from financing activities.

Discontinued operations are presented in Note 22.

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

CHANGES IN EQUITY

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of January 1, 2008	471,762,756	2,358.8	9,179.5	(460.7)	(3,367.2)	(119.1)	21.6	7,612.9	2,577.8	10,190.7
Issues of share capital of the parent company	773,693	3.9	17.4	-	-	-	-	21.3	-	21.3
Elimination of treasury shares		-	-	(1.8)	1.7	-	-	(0.1)	-	(0.1)
Share purchase and subscription options		-	-	-	7.6	-	-	7.6	-	7.6
Third party share in share capital increases of subsidiaries and changes in consolidation scope		-	-	-	-	-	-	-	(116.9)	(116.9)
Parent company dividend distribution		-	-	-	(553.5)	-	-	(553.5)	-	(553.5)
Third party share in dividend distributions of subsidiaries		-	-	-	-	-	-	-	(173.0)	(173.0)
Income / (expenses) recorded in equity					(80)	(133.8)	18.7	(195.1)	59.2	(135.9)
Net income for the period		-	-	-	500.5	-	-	500.5	150.2	650.7
Other changes		-	-	-	0.4	(0.8)	0.8	0.4	(2.9)	(2.5)
As of June 30, 2008	472,536,449	2,362.7	9,196.9	(462.5)	(3,490.5)	(253.7)	41.1	7,394.0	2,494.4	9,888.4

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(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of December 31, 2008	472,576,666	2,362.9	9,197.4	(457.5)	(3,589.5)	(432.9)	(79.2)	7,001.2	2,530.5	9,531.7
Issues of share capital of the parent company ⁽¹⁾	20,111,683	100.6	221.5	-	-	-	-	322.1	-	322.1
Elimination of treasury shares		-	-	1.9		-	-	1.9	-	1.9
Share purchase and subscription options					6.2			6.2		6.2
Third party share in share capital increases of subsidiaries and changes in consolidation scope									109.9	109.9
Parent company dividend distribution ⁽¹⁾					(553.8)			(553.8)		(553.8)
Third party share in dividend distributions of subsidiaries									(170.0)	(170.0)
Income / (expenses) recorded in equity					(8.8)	126.7	21.3	139.2	(15.1)	124.1
Net income for the period					220.3			220.3	125.9	346.2
Other changes					(3.7)	0.6	(1.5)	(4.6)	0.3	(4.3)
As of June 30, 2009	492,688,349	2,463.5	9,418.9	(455.6)	(3,929.3)	(305.6)	(59.4)	7,132.5	2,581.5	9,714.0

⁽¹⁾ The dividend distribution per share was €1.21 in 2009 and 2008 and €1.05 in 2007. In 2009, a portion of the dividend was paid in shares. The line items "Proceeds on issue of shares" and "Dividends paid" in the cash flow statement are presented net of the amount of dividends paid in shares, i.e. €322 million, as this payment does not give rise to a financial cash flow.

1 ACCOUNTING PRINCIPLES AND METHODS

The Group's condensed consolidated interim financial statements for the half-year ended June 30, 2009 were prepared under the responsibility of the Board of Directors, which met on August 5, 2009.

ACCOUNTING STANDARDS FRAMEWORK

Basis of preparation of the financial information

Pursuant to EC Regulation 1606/2002 of July 19, 2002, as amended by EC Regulation 297/2008 of March 11, 2008, the condensed consolidated interim financial statements of the Veolia Group (the "Group") for the half-year ended June 30, 2009 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 and must be read in conjunction with the Group consolidated financial statements for the year ended December 31, 2008.

The accounting principles used for the preparation of the condensed consolidated interim financial statements are in accordance with the IFRS standards and interpretations adopted by the European Union and published by the IASB as of June 30, 2009. These standards may be consulted at the following European Union website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These half-yearly financial statements have been drawn up in accordance with the principles used for the preparation of the 2008 consolidated financial statements, except for the items presented below and the specificities required by IAS 34.

New standards and interpretations

Standards applied for the first time by the Group as of January 1, 2009

- IFRS 8 *Operating Segments*
The implementation of this new standard is presented in the note below.
- Revised IAS 1 *Presentation of Financial Statements*
The main changes in relation to the previous version of IAS 1 are as follows:
 - o the "Balance sheet" is now known as the "Consolidated statement of financial position";
 - o Under Revised IAS 1 (i) all changes resulting from transactions with equity holders acting in their capacity as equity holders are presented separately from transactions with non-controlling interests, (ii) income and expenses are presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), which was already the case in the Group's published financial statements, and (iii) total comprehensive income is presented in the financial statements, which was already the case in the Group's published financial statements.
- Revised IAS 23 *Borrowing Costs*
- Amendments to IAS 32 *Financial Instruments – Presentation* and IAS 1 *Presentation of Financial Statements on puttable financial instruments and obligations arising on liquidation*
- Amendments to IFRS 1 and IAS 27 relating to the cost of an investment on first-time adoption of IAS/IFRS
- Amendment to IFRS 2 *Share-based Payment – vesting conditions and cancellations*
- Amendments arising from the 2006-2008 annual improvement process, with the exception of the amendment to IFRS 5
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Improvements to Financial Instrument Disclosures* (not approved by the European Union)
- Amendment to IAS 39 and IFRIC 9 relating to embedded derivatives (not yet adopted by the European Union)
- IFRIC 13 *Customer Loyalty Programmes*
- IFRIC 15 *Agreements for the Construction of Real Estate* (not yet adopted by the European Union)
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

The Group did not observe any material impact arising from the implementation of these new standards.

Standards that must be adopted subsequent to June 30, 2009 and not adopted early

- Revised IFRS 3 *Business Combinations*
- Amendment to IAS 27 *Consolidated and Separate Financial Statements*

The adoption of Revised IFRS 3 and IAS 27 is likely to have a material impact on future business combinations or transactions with non-controlling interests.

- Amendments resulting from the 2007-2009 annual improvement process

Pursuant to the new amendment specifying the conditions for implementing IAS 7, the replacement costs mentioned in Note 22 Operating income will be eliminated from “Net cash from operating activities” in the cash flow statement as of January 1, 2010. Consequently, for the reconciliation between “Net income attributable to equity holders of the parent” and “Net cash from operating activities” the replacement costs will no longer be eliminated under “Operating depreciation, amortization, provisions and impairment losses.” The amendment has no impact on net income or equity.

- Amendments to IAS 28 and IAS 31 subsequent to IFRS 3 revised
- Amendment to IAS 39: *Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- Amendment to IFRS 5 resulting from the 2006-2008 annual improvement process
- IFRIC 17 *Distribution of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

The Group is currently assessing the potential impacts of these standards, amendments and interpretations.

Seasonality of the Group activity

Climatic conditions combined with the seasonality of the Group’s activities may impact the Company’s results. Some of the Company’s activities are subject to seasonal changes. Dalkia generates most of its operating income in the first and fourth quarters corresponding to heating periods in Europe. In the Water sector, water consumption for domestic use and wastewater treatment is more significant between May and September in the Northern hemisphere, where Veolia Water conducts most of its business. Finally, in Transportation, SNCM conducts most of its business during the summer.

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, 2009	As of June 30, 2008	As of December 31, 2008
U.S. Dollar	0.7075	0.6344	0.7185
Pound Sterling	1.1736	1.2621	1.0499
Czech Crown	0.0386	0.0419	0.0372

Average exchange rate (one foreign currency unit = €xx)	Average rate Half-year ended June 30, 2009	Average rate Half-year ended June 30, 2008	Average annual rate 2008
U.S. Dollar	0.7507	0.6475	0.6782
Pound Sterling	1.1187	1.2829	1.2433
Czech Crown	0.0368	0.0398	0.0399

Information by operating segment

Effective January 1, 2009, the Group identifies and presents its segment information in accordance with IFRS 8 *Operating Segments*.

This information is based on the internal organization of Group activities and represents the Group's four core businesses, i.e. Water, Environmental Services, Energy Services and Transportation (which had been retained for the primary segment reporting under the old segment reporting standard – IAS 14).

The quantified indicators used by operating segment are part of the key ratios for budget validation, operating segment performance monitoring and resource allocation, as reviewed by the Executive Committee.

The financial data by operating segment is prepared using the same rules as those applied for the condensed consolidated interim financial statements, as described in the Accounting principles and methods section in the Note to the financial statements.

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

The preparation of the condensed consolidated interim financial statements may require Veolia Environnement to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Future results could differ significantly from these estimates.

Underlying estimates and assumptions are determined based on past experience and other factors considered 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. Actual values could differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgments made by management when applying Group accounting methods and the main sources of uncertainty with respect to estimates were identical to those disclosed in the consolidated financial statements for the year ended December 31, 2008.

However, the methodology used to calculate the discount rate adopted for the year ended December 31, 2008 was analyzed in light of the financial crisis. As the financial context at the June 30, 2009 period-end had stabilized, these rates were again reviewed in terms of present conditions and the following methodology was adopted:

- Application of IAS 36, *Impairment of assets*: in accordance with Group practice, the discount rates used correspond to the weighted average cost of capital, calculated annually in June.
- Application of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*: the discount rates applied to these liabilities take into account the risk-free interest rates and a market-based risk factor. The adjustment to this risk premium in December 2008 (to modulate market volatility) was not deemed necessary for the June 30, 2009 period-end.
- Application of IAS 19, *Employee Benefits*: use of the IBoxx index had been suspended as of December 31, 2008 because of its heavy volatility. This suspension has ended, and obligations for the June 30, 2009 period-end are measured using a range of market indices, including IBoxx and Bloomberg.

3 SIGNIFICANT EVENTS

As was the case in the second half of 2008, the first half of 2009 was marked by the financial crisis and its economic repercussions, and specifically:

- significant exchange rate fluctuations, which modified the contribution of businesses from outside the euro zone, particularly in Eastern Europe;
- the downward trend of energy prices and CO₂ emission rights;
- very low prices for recycled raw materials compared to the first half of the preceding year;
- the slowdown in activity compared to the first half of 2008, which affected volumes for the Environmental Services business lines, and the engineering and construction activities in Water and Energy Services;
- the difficult financial situation of industry economic players and, to a lesser extent, public players which weighed on the completion of certain growth projects and the solvency of some customers.

In accordance with the decision of the May 7, 2009 Shareholders' General Meeting, the Group offered its shareholders a share or cash option with respect to the dividend payment. The share payment option was adopted by 58% of shareholders, resulting in the creation of 20.1 million shares representing a little over 4.25% of the share capital and 4.39% of the voting rights.

As part of the refinancing of its EMTN program, Veolia Environnement carried out three bond issues: a €1,250 million bond issue, bearing annual interest at a fixed rate of 5.25% and maturing on April 24, 2014, a €750 million bond issue, bearing annual interest at a fixed rate of 6.75% and maturing on April 24, 2019, and a €250 million bond issue, bearing annual interest at a fixed rate of 5.70% and maturing in June 29, 2017.

Veolia Environnement has announced that its subsidiary Veolia Transport has entered into exclusive discussions with the SNCF Group and the Eurotunnel Group which has submitted a firm bid to acquire the Veolia Cargo Company (in France and abroad).

Veolia Transport will consider this bid carefully. If it is accepted, and after consulting the workers representation bodies and approval by the competent regulatory bodies, the disposal could take place by the end of 2009. Following these transactions, Veolia Environnement's indebtedness would be reduced by €95 million. These activities have also been reclassified as discontinued operations in the Group financial statements for the half-year ended June 30, 2009.

Veolia Propreté has announced the signing of an agreement relating to the sale of the U.S. incineration activity (Montenay International), the objective being to complete this transaction before the end of the year given the approvals required from the competent regulatory authorities and the standard terms and conditions governing completion. This activity has also been reclassified as a discontinued operation in the Group financial statements for the half-year ended June 30, 2009.

On June 24, 2009, Veolia Propreté announced that it had entered into exclusive discussions with the TFN Group with respect to the sale of Veolia Propreté Nettoyage et Multiservices (VPNM). This activity has not been reclassified as a discontinued operation in the financial statements for the half-year ended June 30, 2009, as it does not represent a cash-generating unit. The assets and liabilities of these activities are presented under the line items "Assets (liabilities) classified as held for sale" in the consolidated statement of financial position.

On July 23, 2009, the Group and the Caisse des Dépôts have decided to enter exclusive negotiations with a view to merging Transdev and Veolia Transport. The operation would take the form of a merger between Veolia Transport and Transdev, with the Caisse des Dépôts and Veolia Environnement each owning 50%. This parity would be achieved after analysis and valuation of the two companies, and subsequent adjustment of the financial structure. The planned merger is subject to reaching a definitive agreement, which is itself subject to approval by the regulatory authorities. This industrial project will give rise to a global leader in public passenger transport, with around €8 billion in pro forma revenues and 130,000 employees.

4 GOODWILL

Goodwill breaks down as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount	7,295.4	7,211.2
Cumulative impairment losses	(489.8)	(487.9)
Net carrying amount	6,805.6	(6,723.3)

The main goodwill balances in net carrying amount by cash-generating unit (amounts in excess of €100 million as of June 30, 2009) are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Water - Distribution France	743.2	743.2
Environmental Services - United Kingdom	719.2	644.3
Environmental Services - North America Solid Waste	601.8	610.8
Environmental Services - Germany	403.9	397.8
Dalkia France	338.8	338.5
Environmental Services - France Solid Waste	273.5	272.4
Water Solutions and Technologies	259.4	245.8
Water - China	243.4	247.5
Water - United Kingdom	231.2	197.4
Water - Czech Republic	224.4	216.4
Energy Services - Italy	185.2	184.9
Transportation - North America	173.6	175.3
Energy Services - United States	150.3	152.6
Transportation - Passenger services France	148.4	136.2
Water - Germany (excluding Berlin)	137.7	137.7
Water - Berlin	134.4	134.4
Environmental Services - Italy	104.4	125.9
Energy Services - Poland	102.9	111.5
Goodwill balances > €100 million	5,175.7	5,072.6
Goodwill balances < €100 million	1,629.9	1,650.7
Total Goodwill	6,805.6	6,723.3

As of June 30, 2009, accumulated impairment losses amounted to €489.8 million and mainly concerned the goodwill of Environmental Services in Germany (€343 million recognized in 2008) and Transportation in the Netherlands, the United Kingdom and Belgium (€55 million, converted as of June 30, 2009, recognized in 2008) and in Scandinavia (€61 million, converted as of June 30, 2009, recognized in 2004).

Movements in the net carrying amount of goodwill by operating segment as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Water	2,299.8	2,247.7
Environmental Services	2,754.8	2,736.7
Energy Services	1,151.9	1,131.1
Transportation	537.1	551.3
Other	62.0	56.5
Goodwill	6,805.6	6,723.3

The €82.3 million increase in goodwill is mainly attributable to the impact of changes in the scope of consolidation for €42.3 million, the reclassification of activities held for sale for -€67.6 million and foreign exchange gains/losses of €111.4 million (including €107.2 million in the United Kingdom).

The changes in the scope of consolidation are primarily due to the recognition of goodwill on the acquisition of Digismart in the Energy Services segment for €27.0 million.

The opening balance sheets for the acquisitions completed during the first half of 2009, including Digismart, are provisional.

The opening balance sheets of 2008 acquisitions not yet definitive as of December 31, 2008, including Tianjin Shibeï WCO, Bartin Recycling and Praterm, were not materially changed. The 12-month measurement period for finalizing the recognition of these business combinations, in accordance with IFRS 3, expired as of June 30, 2009.

Impairment tests for the half-year ended June 30, 2009

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

Nevertheless, in connection with the June 30, 2009 period-end, certain cash-generating units with identified risk were tested. These were CGUs:

- for which there was an indication of impairment during the first half of 2009 (decline in cash flow from the most recent 2009 forecasts by more than 10% in relation to the 2009 budget, drawn up at the end of 2008); or
- which did not pass tests for sensitivity to a 1% negative movement in the economic assumptions adopted (discount and growth rates) conducted at the end of December 2008.

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

The tests conducted take into account the most recent revised data forecasts validated by management and the discount rates adopted as of June 30, 2009, as presented in Note 2.

These tests did not result in any additional impairment as of June 30, 2009.

5 CONCESSION INTANGIBLE ASSETS

Movements in the net carrying amount of concession intangible assets as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount of concession intangible assets	5,156.1	4,983.9
Amortization and impairment losses	(1,452.2)	(1,346.2)
Net carrying amount of concession intangible assets	3,703.9	3,637.7

Concession intangible assets by Segment break down as follows:

(€ million)	As of June 30, 2009			Net carrying amount as of December 31, 2008
	Gross carrying amount	Amortization and impairment losses	Net carrying amount	
Water	3,867.1	(916.6)	2,950.5	2,892.0
Environmental Services	409.0	(141.7)	267.3	259.1
Energy Services	830.4	(379.2)	451.1	453.6
Transportation	-	-	-	-
Other	49.6	(14.7)	34.9	33.0
Concession intangible assets	5,156.1	(1,452.2)	3,703.9	3,637.7

The increase in the net carrying amount of concession intangible assets for €66.2 million is mainly attributable to additions in the amount of €130.2 million (of which €98.4 million in Water and €18.5 million in Energy Services), and the arrival of several entities in the scope of consolidation with respect to the Shenzhen contract (Water in China) for €41.3 million, partially offset by amortization charges for -€116.4 million.

6 OTHER INTANGIBLE ASSETS

Other intangible assets break down as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Intangible assets with an infinite useful life, net	65.9	99.5
Intangible assets with a finite useful life, gross	3,301.4	3,203.9
Amortization and impairment losses	(1,844.8)	(1,768.2)
Intangible assets with a finite useful life, net	1,456.6	1,435.7
Intangible assets, net	1,522.5	1,535.2

Movements in the net carrying amount of other intangible assets as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Intangible assets with an infinite useful life, net	65.9	99.5
Fees paid to local authorities	540.6	576.5
Purchased contractual rights	402.7	398.9
Purchased software	159.2	143.9
Purchased customer portfolios	67.6	78.2
Other purchased intangible assets	190.4	203.1
Internally generated intangible assets	96.1	35.1
Intangible assets with a finite useful life, net	1,456.6	1,435.7
Other intangible assets	1,522.5	1,535.2

7 PROPERTY, PLANT AND EQUIPMENT

Movements in the net carrying amount of property, plant and equipment as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount of property, plant and equipment	20,055.8	19,491.5
Depreciation	(10,518.9)	(10,064.4)
Net carrying amount of property, plant and equipment	9,536.9	9,427.1

The €109.8 million increase in property, plant and equipment is a result of the following items:

- Additions for €720.8 million (including €143.6 million in Water, €224.6 million in Environmental Services, €247.3 million in Transportation and €92.0 million in Energy Services);
- Disposals for -€105.4 million (including -€87.3 million in Transportation);
- Foreign exchange gains for €183.2 million (including €118.1 million in Water, €76.5 million in Environmental Services and -€21.8 million in Energy Services);
- The impact of changes in consolidation scope for €142.3 million (including €42.8 million in Energy Services, €46.6 million in Environmental Services and €49.3 million in Transportation);
- The impact of the reclassification of activities held for sale for -€140.2 million (including -€96.4 million in Environmental Services and -€43.8 million in Transportation);
- Charges to depreciation for -€657.5 million.

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

(€ million)	As of June 30, 2009			Net carrying amount as of December 31, 2008
	Gross carrying amount	Depreciation and impairment losses	Net carrying amount	
Water	4,326.9	(2,163.0)	2,163.9	2,024.4
Environmental Services	8,678.6	(4,890.0)	3,788.6	3,838.7
Energy Services	3,168.7	(1,328.4)	1,840.3	1,816.6
Transportation	3,634.1	(2,019.1)	1,615.0	1,631.8
Other	247.5	(118.4)	129.1	115.6
Property, plant and equipment	20,055.8	(10,518.9)	9,536.9	9,427.1

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

(€ million)	As of June 30, 2009			Net carrying amount as of December 31, 2008
	Gross carrying amount	Depreciation and impairment losses	Net carrying amount	
Land	1,495.0	(600.4)	894.6	901.0
Buildings	3,055.0	(1,451.3)	1,603.7	1,543.9
Technical installations, plant and equipment	7,740.2	(4,067.3)	3,672.9	3,638.9
Traveling systems and other vehicles	5,000.5	(2,971.9)	2,028.6	2,041.3
Other property, plant and equipment	2,065.3	(1,425.0)	640.3	643.5
Owned property, plant and equipment in progress	699.0	(3.0)	696.0	657.8
Property, plant and equipment in progress	0.8	-	0.8	0.7
Property, plant and equipment	20,055.8	(10,518.9)	9,536.9	9,427.1

8 CURRENT AND NON-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 as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount	5,315.9	5,311.5
Impairment losses	(49.0)	(12.6)
Non-current operating financial assets	5,266.9	5,298.9
Gross carrying amount	399.5	452.3
Impairment losses	-	-
Current operating financial assets	399.5	452.3
Current and non-current operating financial assets	5,666.4	5,751.2

The movements in new operating financial assets during the half-year ended June 30, 2009 mainly concern:

- New operating financial assets for €223.1 million, mainly representing the increase in financial receivables for pre-existing contracts (mainly in Water for €130.8 million);
- The repayment of operating financial assets for €263.1 million (particularly Energy Services – cogeneration for €73.9 million and in Water for €124.2 million);
- The impact of the reclassification of activities held for sale for -€43.0 million in Environmental Services; and
- The recognition of impairment losses for -€36.5 million, primarily in Environmental Services.

The breakdown of current and non-current operating financial assets by segment is as follows:

(€ million)	Non-current		Current		Total	
	As of June 30, 2009	As of December 31, 2008	As of June 30, 2009	As of December 31, 2008	As of June 30, 2009	As of December 31, 2008
Water	3,852.1	3,851.0	209.0	232.2	4,061.1	4,083.2
Environmental Services	726.1	768.4	46.1	68.6	772.2	837.0
Energy Services	547.4	562.0	109.0	117.4	656.4	679.4
Transportation	71.2	71.6	35.2	33.9	106.4	105.5
Other	70.1	45.9	0.2	0.2	70.3	46.1
Operating financial assets	5,266.9	5,298.9	399.5	452.3	5,666.4	5,751.2

There has been no material change in the fair value of operating financial assets since December 31, 2008.

However, the operating financial assets relating to the incineration activities in Italy were written down in the amount of €35 million to take into account operating difficulties and current negotiations. In addition, following the significant financial difficulties of a customer in Portugal, the Group has called into question the contractual conditions of its involvement. Nevertheless, given the customer's shareholding restructuring and the local authorities' support for the project, the operating financial assets (€65.3 million as of June 30, 2009) were not written down with respect to the customer's solvency, although a contingency provision (€5.5 million) was recognized to cover possible delays and additional costs.

9 OTHER NON-CURRENT FINANCIAL ASSETS

Movements in the carrying amount of other non-current financial assets as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount	739.3	803.0
Impairment losses	(67.2)	(63.4)
Non-current financial assets in loans and receivables	672.1	739.6
Other non-current financial assets	81.7	77.7
Total other non-current financial assets	753.8	817.3

As of June 30, 2009, the principal non-current financial assets in loans and receivables primarily correspond to the non-Group portion of loans granted to companies consolidated on a proportionate basis for €270.3 million (Dalkia International).

10 WORKING CAPITAL REQUIREMENTS

Changes in net working capital requirements during the half-year ended June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Inventories and work-in-progress (net)	1,055.8	1,022.0
Operating receivables (net)	12,270.7	13,093.2
Operating payables (net)	12,516.8	13,591.8
Net working capital	809.7	523.4

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). In the changes in Net working capital for €286.3 million, presented above, the portion of “operating” working capital presented under “Changes in working capital” in the cash flow statement is €114.2 million, the portion of “tax” working capital included in “Income taxes paid” in the cash flow statement is €29.4 million, and the “investment” working capital included under “Capital expenditure” in the cash flow statement is €160.4 million.

Securitization of receivables in France

The French securitization program is governed by a five-year agreement signed in June 2002 with a securitized debt fund. This agreement was renewed on May 31, 2007 for an additional 5 years. Veolia Environnement decided to renew this agreement and include 16 new transferor companies in the Water segment (France), bringing the number of transferor companies to 24 and total securitized receivables to €490.9 million as of June 30, 2009. These receivables are carried in assets and the financing obtained is recorded in “Current borrowings.”

Assignment of receivables

In the Energy Services segment, in Italy, receivables were definitively sold to third parties for €77.9 million as of June 30, 2009, compared to €23 million as of June 30, 2008 and €69.4 million as of December 31, 2008.

11 OTHER CURRENT FINANCIAL ASSETS

Movements in the carrying amount of other current financial assets as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Gross carrying amount	242.5	283.3
Impairment losses	(22.6)	(27.9)
Current financial assets in loans and receivables (net)	219.8	255.4
Other current financial assets (excluding loans and receivables (net))	89.3	66.0
Total other current financial assets (net)	309.1	321.4

Other current financial assets (net) as of June 30, 2009 primarily comprise the non-Group portion of loans and current accounts granted to non-fully consolidated subsidiaries and the pre-financing of assets in Transportation.

12 CASH AND CASH EQUIVALENTS

Movements in cash and cash equivalents as of June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Cash at bank and in hand	1,499.5	1,317.9
Cash equivalents	3,458.4	2,531.7
Cash and cash equivalents	4,957.9	3,849.6
Bank overdrafts and other cash position items	619.8	465.7

As of June 30, 2009, cash and cash equivalents for Veolia Environnement SA (€3,204.7 million) comprise treasury UCITS (Undertakings for Collective Investment in Transferable Securities) for €1,896.7 million, certificates of deposit and treasury notes for €902.6 million and medium-term notes for €405.4 million.

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

The change in net cash position (+€954.2 million) mainly relates to bond issues for €2,250 million, the allocated amount of the syndicated loan repayment in euros (€800 million) and the reduction in outstanding treasury notes issued (€223 million).

13 EQUITY

Equity attributable to equity holders of the parent

13.1 Share capital

The share capital is fully paid up.

Share capital increases:

On June 30, 2008, Veolia Environnement performed a share capital increase in the amount of €21.3 million following the exercise of share purchase and subscription options.

On June 30, 2009, Veolia Environnement performed a share capital increase in the amount of €322 million in connection with the payment of dividends in shares. In accordance with the decision of the May 7, 2009 Shareholders' General Meeting, the Group offered its shareholders a share or cash option with respect to the dividend payment. The share payment option was adopted by 58% of shareholders, resulting in the creation of 20,111,683 shares representing a little over 4.25% of the share capital and 4.39% of the voting rights.

Number of shares outstanding and par value:

There were a total of 492,688,349 shares outstanding as of June 30, 2009, 472,576,666 shares as of December 31, 2008 and 472,536,449 shares as of June 30, 2008 (including treasury shares). Each share has a par value of €5.

13.2 Offsetting of treasury shares against equity

During the half-year ended June 30, 2008, Veolia Environnement had purchased 125,661 shares for €4.4 million and sold 115,409 shares as part of share purchase option plans for €2.6 million; there were 15,130,906 treasury shares as of June 30, 2008.

During the half-year ended June 30, 2009, Veolia Environnement had sold 109,533 shares as payment of an acquisition carried out by a subsidiary for €1.9 million; there were 14,870,501 treasury shares as of June 30, 2009.

13.3 Share subscription or purchase options

In accordance with IFRS 2, an expense of €7.6 million was recognized for the half-year ended June 30, 2008 and €6.2 million for the half-year ended June 30, 2009 in respect of share option plans granted to employees.

13.4 Appropriation of net income and dividend distribution

A dividend of €553.8 million was distributed by Veolia Environnement SA. The 2008 net income attributable to equity holders of the parent for €405.1 million was allocated in its entirety to the dividend distribution.

13.5 Foreign exchange translation

As of June 30, 2008, negative exchange differences of -€134.6 million (portion attributable to equity holders of the parent) concerned the pound sterling for -€105.9 million, the U.S. dollar for -€93.9 million and the Czech crown for +€59.6 million.

Accumulated foreign exchange translation reserves as of June 30, 2008 were negative at -€253.7 million (portion attributable to equity holders of the parent), including -€220.1 million for the U.S. dollar, -€167.7 million for the pound sterling and +€140.3 million on the Czech crown.

As of June 30, 2009, positive exchange differences of €127.3 million (portion attributable to equity holders of the parent) concerned the pound sterling for +€127.5 million, the U.S. dollar for -€23.0 million and the Czech crown for +€16.3 million.

Accumulated foreign exchange translation reserves as of June 30, 2009 were negative at -€305.6 million (portion attributable to equity holders of the parent), including -€258.4 million for the pound sterling, -€74.8 million for the U.S. dollar, and +€90.3 million for the Czech crown.

The increase in exchange differences primarily reflects the appreciation of the pound sterling, the Czech crown and the Australian dollar against the euro over the half-year ended June 30, 2009, whereas at the end of the period the U.S. dollar and the Chinese yuan renminbi depreciated against the euro. Movements in foreign exchange translation reserves are nonetheless significantly reduced by the Group policy of securing borrowings in the local currency.

Movements in foreign exchange translation reserves (total equity attributable to holders of the parent and non-controlling interests) are as follows:

(€ million)	Total	Attributable to equity holders of the parent
As of December 31, 2008	(385.8)	(432.9)
Exchange differences on the translation of the financial statements of subsidiaries drawn up in a foreign currency	122.4	138.1
Exchange differences on the net financing of foreign investments	(9.3)	(10.8)
Movements during the first six months of 2009	113.1	127.3
Exchange differences on the translation of the financial statements of subsidiaries drawn up in a foreign currency	(210.6)	(241.7)
Exchange differences on the net financing of foreign investments	(62.1)	(63.9)
As of June 30, 2009	(272.7)	(305.6)

13.6 Fair value reserves

Fair value reserves attributable to equity holders of the parent amounted to €21.6 million as of January 1, 2008, -€79.2 million as of December 31, 2008 and -€59.4 million as of June 30, 2009.

As of June 30, 2009, fair value reserves mainly include fair value adjustments to interest-rate derivatives hedging floating-rate borrowings, commodity derivatives and, to a lesser extent, fair value adjustments to available-for-sale securities.

13.7 Actuarial gains or losses on retirement commitments

As of June 30, 2009, the change in actuarial losses on retirement commitments, for the portion attributable to equity holders of the parent, was negative in the amount of -€8.8 million as of June 30, 2009 (+ €99.3 million balance as of June 30, 2009). This was largely attributable to the decline in the financial markets (actual return on plan assets lower than expected).

Non-controlling interests

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

The decrease in the share of non-controlling interests in net income for the first six months of 2009 compared to 2008 is primarily due to the economy-related difficulties experienced by Environmental Services in Italy and Energy Services in France and Italy.

14 NON-CURRENT AND CURRENT PROVISIONS

Pursuant to IAS 37, non-current provisions are discounted. Discount rates used were as follows:

Discount rates

	As of June 30, 2009	As of December 31, 2008
Euros		
2 to 5 years	2.78%	5.67%
6 to 10 years	4.91%	5.97%
More than 10 years	6.72%	6.65%
U.S. Dollar		
2 to 5 years	2.81%	4.95%
6 to 10 years	5.46%	5.75%
More than 10 years	6.52%	6.82%
Pound Sterling		
2 to 5 years	2.85%	6.13%
6 to 10 years	4.94%	6.40%
More than 10 years	6.75%	6.46%

The discount rate calculation methodology is presented in Note 2, Use of management estimates in the application of Group accounting standards.

Movements in non-current and current provisions during the first half of 2009 were as follows:

(€ million)	Non-current		Current		Total	
	As of June 30, 2009	As of December 31, 2008	As of June 30, 2009	As of December 31, 2008	As of June 30, 2009	As of December 31, 2008
Provisions excluding pensions and other employee benefits	1,516.6	1,432.0	683.9	773.1	2,200.5	2,205.1
Provisions for pensions and other employee benefits	767.6	728.2	-	-	767.6	728.2
Total	2,284.2	2,160.2	683.9	773.1	2,968.1	2,933.3

The increase in non-current provisions excluding pensions and other employee benefits stems primarily from the unwinding of the discount on provisions and the foreign exchange impact.

The provisions for pensions and other employee benefits have increased due to the combined impact of the unwinding of the discount on provisions, actuarial losses calculated on plan assets, essentially in the United Kingdom, and foreign exchange impacts (mainly in the United Kingdom).

15 NON-CURRENT BORROWINGS

Non-current borrowings break down as follows for the first half of 2009:

(€ million)	As of June 30, 2009	As of December 31, 2008
Bonds	13,280.8	11,097.6
Other non-current borrowings	5,063.0	5,966.3
Non-current borrowings	18,343.8	17,063.9

Non-current bond issues break down by maturity as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Publicly offered or traded issuances (a)	12,490.2	10,290.9
European market (i)	11,159.3	8,884.3
U.S. market (ii)	1,330.9	1,406.6
Private placements (b)	306.9	320.2
Three Valleys bond issue (c)	230.5	206.1
Stirling Water Seafield Finance bond issue (d)	96.1	88.0
Other amounts < €50 million in 2008	157.1	192.4
Bonds	13,280.8	11,097.6

Veolia Environnement issued new bonds for €2,250 million during the half-year ended June 30, 2009, breaking down as follows:

- An April 22, 2009 bond issue for:
 - o €1,250 million at a fixed rate of 5.25%, maturing in 2014;
 - o €750 million at a fixed rate of 6.75%, maturing in 2019.
- On June 29, 2009, Veolia Environnement issued bonds in the amount of €250 million at a fixed rate of 5.70%, maturing in 2017.

The series 9 bonds (CZK 600 million) maturing on April 23, 2010 were reclassified as a current borrowing (equivalent to €22.6 million).

Other non-current borrowings

In April 2009, a draw-down on the euro syndicated credit line was repaid in the amount of €800 million.

Non-current borrowings by original currency (before swap transactions) break down as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Euro	13,591.0	12,256.0
U.S. dollar	1,950.4	2,066.9
Pound sterling	1,309.8	1,204.9
Czech crown	364.2	377.8
Chinese yuan renminbi	277.7	286.6
Polish zloty	267.5	277.0
Moroccan dirham	276.8	257.1
Korean won	30.4	31.7
Norwegian crown	17.3	17.8
Australian dollar	2.9	0
Other	255.8	288.0
Non-current borrowings	18,343.8	17,063.9

16 CURRENT BORROWINGS

Movements in current borrowings during the half-year ended June 30, 2009 are as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Current borrowings	3,041.2	3,219.7

Current borrowings amounted to €3,041.2 million as of June 30, 2009, compared to €3,219.7 million as of December 31, 2008.

The decrease is mainly due to:

- the redemption of the U.S.\$ 27 million EMTN series 13 bond issue (equivalent to €22.2 million at the historical rate), which matured on March 4, 2009;
- the redemption of the CZK 660 million EMTN series 8 bond issue (equivalent to €22.1 million at the historical rate), which matured on April 29, 2009;
- the €223 million decrease in treasury notes outstanding;
- offset by the reclassification of a bond issue maturing on April 23, 2010 in current borrowings, for CZK 600 million (equivalent to €22.6 million).

17 REVENUE

Pursuant to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the Income Statements of:

- the Clemessy and Crystal entities in Energy Services, divested in December 2008, and
- the entities of the Environmental Services U.S. incineration activity (Montenay International) and the Freight activity in Transportation, in the process of being sold as of June 30, 2009, were grouped together in a separate line, "Net income from discontinued operations," for the half-year ended June 30, 2008 presented for comparative purposes.

Revenue breaks down as follows:

(€ million)	Half-year ended June 30, 009	Half-year ended June 30, 2008
Services rendered	14,321.7	14,392.1
Sales of goods	833.2	1,026.8
Revenue from operating financial assets	196.5	180.2
Construction	2,075.5	1,966.6
Total revenue	17,426.9	17,565.7

Sales of goods mainly concern sales of technological solutions in Water Division and sales of products relating to recycling activities in Environmental Services. The decline in the sales of goods was most evident in Environmental Services and is primarily due to lower volumes and prices for most of the segment's activities.

Services rendered were comparable to the results for the first six months of 2008.

The growth in construction revenue is largely attributable to major contracts in the Middle East and primarily involves Veolia Water Solutions & Technologies, a Water subsidiary, and the Design & Build activity in particular.

18 OPERATING INCOME

Operating income is calculated as follows:

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008 ⁽¹⁾
Revenue	17,426.9	17,565.7
Cost of sales	(14,499.7)	(14,402.1)
o/w: Impairment losses on goodwill and negative goodwill recorded in the income statement	0.1	5.6
Restructuring costs	(1.5)	(2.2)
Selling costs	(302.7)	(306.9)
General and administrative expenses	(1,639.3)	(1,577.0)
Other operating revenue and expenses	15.6	12.5
o/w: Capital gains and losses on disposal of assets	15.4	12.3
Other	0.2	-
Operating income	1,000.8	1,292.2

⁽¹⁾ As part of the ongoing measures to improve productivity, the Group reclassified certain expenses between cost of sales and general, administrative and selling expenses in 2008. There was no impact on operating income. As of June 30, 2008, the impact of this reclassification on cost of sales and general, administrative and amounted to €122.5 million et -€122.5 million, respectively.

The replacement costs included in cost of sales total -€148.3 million for the half-year ended June 30, 2009, compared to -€181.4 million for the half-year ended June 30, 2008. All replacement costs for concession assets in the context of public service delegation contracts in France are considered as investments in the cash flow statement, irrespective of whether the infrastructure was originally financed by the concession holder. As such, in the reconciliation of the net income/(loss) to the net cash inflow/(outflow) from operating activities, all replacement costs are eliminated under adjustments for operating depreciation, amortization, provisions and impairment losses.

The impact of changes in the discount rates of provisions is particularly significant for the Environmental Services segment, amounting to -€14.9 million for the half-year ended June 30, 2009, compared to €17.1 million for the half-year ended June 30, 2008.

Personnel costs, including profit-sharing, amounted to -€5.5 billion for the half-year ended June 30, 2009, compared to -€5.2 billion for the half-year ended June 30, 2008.

19 NET FINANCE COSTS

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

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008
Finance income	47.0	74.7
Finance costs	(425.8)	(498.2)
Net finance costs	(378.8)	(423.5)

Finance costs and finance income represent the cost of borrowings net of cash and cash equivalents. In addition, net finance costs include net gains and losses on derivatives allocated to borrowings, irrespective of whether they qualify for hedge accounting or not.

The decrease in net finance costs is due to:

- the decrease in variable rates, particularly for the euro and the pound sterling;
- the unwinding of interest rate options;
- partially offset by the increase in average net debt and the impact of the extended debt maturity.

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008
Expenses on gross debt	(484.5)	(507.0)
Assets at fair value through profit or loss (fair value option)*	46.8	68.5
Net gains and losses on derivative instruments, hedging relationships and other	58.9	15.0
Net finance costs	(378.8)	(423.5)

* Cash equivalents are valued at fair value through profit or loss.

20 OTHER FINANCIAL INCOME AND EXPENSES

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008
Net gains on loans and receivables	5.9	25.2
Net gains and losses on available-for-sale assets ⁽¹⁾	6.1	7.5
Assets and liabilities at fair value through profit or loss	0.9	13.5
Unwinding of the discount on provisions	(40.0)	(27.4)
Foreign exchange gains and losses	4.6	(18.6)
Other expenses	(6.7)	(5.9)
Other financial income and expenses	(29.2)	(5.7)

⁽¹⁾ including dividends received for €6.5 million in June 2009 and June 2008.

Other financial income and expenses increased from -€5.7 million for the half-year ended 2008 to -€29.2 million for the half-year ended June 30, 2009.

The other financial income and expenses for the half-year ended June 30, 2009 include:

- the impact of the unwinding of the discount on provisions for €12.6 million;
- and the impact of impairment losses for €12.6 million.

21 INCOME TAX EXPENSE

The income tax expense breaks down as follows:

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008
Pre-tax income	592.8	863.0
Income tax expense	(196.8)	(221.7)
Effective tax rate	33.2%	25.7%

A number of French subsidiaries elected to form a consolidated tax group with Veolia Environnement as the head company, with effect from January 1, 2001 (five-year agreement renewed in 2006). 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 SA, the consolidating company.

The 2006 reorganization of the U.S. tax group is still being reviewed by the U.S. tax authorities (see Note 26).

The decrease in the tax expense for the half-year ended June 30, 2009 is due to:

- a capitalization of tax losses corresponding to their probable use in the amount of the U.S. tax group's net income for the half-year;
- a low tax expense for the French tax group due to the economic situation in the Environmental Services segment and the resulting decline in revenues;
- tax losses that were not capitalized due to the low probability of use (Italy and Germany in the Environmental Services segment and Morocco and China in the Water segment), generating a significant increase in the tax rate compared to the half-year ended June 30, 2008.

22 NET INCOME FROM DISCONTINUED OPERATIONS

At the end of June 2009, the Veolia Group announced its intention to sell the U.S. Environmental Services incineration activities (“Montenay International”) and the Freight activities in Transportation (essentially in France, Germany and the Netherlands). These activities were consolidated over the first six months of 2009 under “Net income from discontinued operations.” This item includes the mark-to-market impacts for certain assets held for sale.

The Clemessy and Crystal activities in the Energy Services segment were sold at the end of December 2008.

For the income statement’s comparative periods ended December 31, 2008 and June 30, 2008, the net income of activities sold or in the process of being sold was reclassified on a line-by-line basis under “Net income from discontinued operations”.

The amount recognized for the Clemessy and Crystal activities in the Energy Services segment at the end of December 2008 corresponds to the net income for the period, plus a capital gain on disposal net of tax.

The net income from discontinued operations is €-56.4 million as of June 30, 2009; €0.4 million as of June 30, 2008 and €170.9 million as of December 31, 2008.

The main income statement items for discontinued operations are as follows:

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008	Year ended December 31, 2008
Revenue	178.4	526.0	979.3
Operating income	(57.0)	11.7	26.3
Financial items	2.1	(6.5)	(21.3)
Income tax expense	(1.3)	(4.8)	(10.3)
Share of net income of associates	(0.2)	0.0	0.2
Net income (expense) from discontinued operations	(56.4)	0.4	(5.1)

The revenue from the various CGUs reclassified as activities held for sale are as follows:

(€ million)	Half-year ended June 30, 2009	Half-year ended June 30, 2008	Year ended December 31, 2008
Clemessy (Energy Services)		282.7	447.8
Crystal (Energy Services)		90.2	172.3
Montenay International Incineration (Environmental Services)	81.7	70.5	171.6
Freight (Transportation)	96.7	82.6	187.6
Revenue from discontinued operations	178.4	526.0	979.3

In June 2009, the balance sheets of the Freight and Montenay International subgroups were reclassified as follows:

Freight subgroup

The reclassification of the Freight activity, primarily in France, Germany and the Netherlands, as an activity held for sale, contributed to the balance sheet as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
ASSETS		
Non-current assets	157	203
Current assets (excluding cash and cash equivalents)	66	102
Cash and cash equivalents	9	13
Total assets	232	318
LIABILITIES		
Equity	-8	53
Non-current liabilities	20	20
Current liabilities	220	245
Total liabilities and equity	232	318

Montenay International subgroup

The reclassification of the North American incineration contracts portfolio as an activity held for sale contributed to the balance sheet as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
ASSETS		
Non-current assets	132	130
Current assets (excluding cash and cash equivalents)	43	52
Cash and cash equivalents	9	15
Total assets	184	197
LIABILITIES		
Equity	126	123
Non-current liabilities	58	59
Current liabilities		15
Total liabilities and equity	184	197

23 NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The share of net income attributable to non-controlling interests represented €125.9 million for the half-year ended June 30, 2009, compared to €150.2 million for the half-year ended June 30, 2008. The item primarily concerns the minority interests of the Water (€72.6 million), Environmental Services (-€2.6 million), Energy Services (€55.1 million) and Transportation (-€0.4 million) subsidiaries.

The decrease in the net income attributable to non-controlling interests is mainly due to:

- a decline in results for the Energy Services segment in France and Italy;
- a decline in results for the Environmental Services segment in Italy.

24 DERIVATIVE INSTRUMENTS

In the course of its operating and financial activities, the Group is exposed to market financial risks (interest rate, foreign exchange, and commodity prices).

To avoid all these market risks, the Group centralizes its financial risk management in accordance with the principles of security, transparency and efficiency as defined by Executive Management.

The Group uses derivatives to manage and reduce its exposure.

The fair value of derivatives recognized in the balance sheet breaks down as follows:

(€ million)	As of June 30, 2009		As of December 31, 2008	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	240.2	81.9	389.1	116.8
Fair value hedges	234.0	14.5	378.9	7.4
Cash flow hedges	0.2	61.8	0.3	96.6
Derivatives not qualifying for hedge accounting	6.0	5.6	9.9	12.8
Foreign exchange derivatives	61.4	64.3	172.7	61.7
Net investment hedges	28.4	8.1	65.1	8.0
Cash flow hedges	2.2	3.0	-	-
Fair value hedges	-	1.4	-	-
Derivatives not qualifying for hedge accounting	30.8	51.8	107.6	53.7
Other derivatives including commodities	79.8	62.2	89.4	107.3
Total derivatives	381.4	208.4	651.2	285.8
Of which non-current	334.0	135.4	508.4	159.9
Of which current	47.4	73.0	142.8	125.9

The change in derivative instruments compared to December 31, 2008 is mainly due to:

- the unwind of derivatives qualified as fair value hedges and interest rate changes on the portfolio of derivatives in U.S. dollars and pounds qualified as Cash Flow Hedge;
- The change of market value (FX and interest rate changes) of Cross Currency Swaps in renminbi (CNY) qualified as Net Investment Hedge;
- The Foreign exchange spot changes on the market value of Non Hedge FX derivatives;
- The maturity and the changes in the market value of commodities derivatives (oil products and metals).

25 MAIN ACQUISITIONS

Acquisitions during the half-year ended June 30, 2009

No acquisitions with net cash flows exceeding €100 million were carried out during the half-year ended June 30, 2009.

Acquisitions in fiscal year 2008

Asset and liability fair values recorded at the end of 2008 in the opening balance sheets of 2008 acquisitions not yet definitive as of December 31, 2008 (Tianjin Shibeï for the Water segment in China, the Praterm Group, a heat production and distribution company in Poland (Energy Services segment) and the Bartin Aero Recycling Group, a company specializing in the collection and recovery of industrial waste in the Environmental Services segment) were not materially changed during the 12-month allocation period following their acquisition date.

26 TAX AUDITS

In the normal course of their business, the Group entities in France and abroad are subject to regular tax audits.

In France, the tax authorities have carried out various tax audits in respect of both consolidated tax groups and individual entities, including a significant number of audits focusing specifically on local taxes. The tax audits concerning major Group companies in France, including Veolia Environnement SA, were closed in 2008 and during the half-year ended June 30, 2009. None of these audits led to material liabilities payable to the tax authorities in excess of amounts estimated during the audit of tax risks and the booking of provisions in accordance with IAS 37. Certain amounts are still being negotiated with the French tax authorities.

Outside France, the Group is present in numerous countries and is constantly subject to tax audits. The tax audits for Germany and Morocco where the Group has a strong presence, in progress in 2008, were completed during the half-year ended June 30, 2009. The liabilities relating to these audits had been anticipated and provided for in accordance with IAS 37 criteria.

Tax audits are ongoing in Italy and Korea. Discussions with the tax authorities in these countries continued during the half-year ended June 30, 2009. Where necessary, tax reassessments, or identified uncertain tax positions that have yet to be reassessed, are adequately provided for, and tax risks reserve amounts are regularly reviewed in accordance with IAS 37 criteria.

In the United States, the Group has initiated a pre-filing agreement procedure with the Internal Revenue Service (IRS) in order to validate the amount of tax losses as of December 31, 2006, following the reorganization of the Water activities (Worthless Stock Deduction). This reorganization led to the recognition of ordinary losses resulting from the operations and disposal of former U.S. Filter activities in respect of fiscal years 1999 to 2004, in an amount which could exceed U.S.\$ 4 billion. No significant event occurred during the first six months of 2009 that could challenge the position adopted by the Group in 2008.

27 OFF-BALANCE SHEET COMMITMENTS

Specific commitments given

- **Agreements with EDF**

Veolia Environnement granted EDF a call option covering all of its Dalkia shares in the event an EDF competitor takes control of the company.

Likewise, EDF granted Veolia Environnement a call option covering all of its Dalkia shares, exercisable in the event of a change in the legal status of EDF or should a Veolia Environnement competitor, acting alone or in concert, take control of EDF. An expert would render a final decision should there be a failure to agree on the share transfer price.

Other commitments given

Other commitments given include neither collateral guarantees supporting borrowings (see Note 28) nor specific commitments described above.

(€ million)	As of December 31, 2008	As of June 30, 2009	Maturing in		
			Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	6,624.9	6,585.2	2,215.8	2,317.8	2,051.6
Financial guarantees	667.5	601.7	246.7	97.0	258.0
Debt guarantees	303.0	248.8	93.9	44.2	110.7
Vendor warranties given	364.5	352.9	152.8	52.8	147.3
Commitments given	507.8	434.4	274.2	107.9	52.3
Purchase commitments	476.5	421.6	269.2	100.7	51.7
Sales commitments	31.3	12.8	5.0	7.2	0.6
Other commitments given	912.7	824.6	489.3	159.5	175.8
Letters of credit	706.7	637.1	420.5	100.5	116.1
Other commitments given	206.0	187.5	68.8	59.0	59.7
Total other commitments given	8,712.9	8,445.9	3,226.0	2,682.2	2,537.7

Other commitments given break down by Segment as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Water	5,762.9	5,891.8
Environmental Services	837.3	901.7
Energy Services	503.6	538.1
Transportation	418.7	415.8
Proactiva	43.1	50.6
Holding	879.6	891.3
Other	0.7	23.6
Total	8,445.9	8,712.9

The decrease in other commitments given in the Water segment is mainly due to the depreciation of the U.S. dollar against Euro.

Commitments received

(€ million)	As of June 30, 2009	As of December 31, 2008
Guarantees received	1,546.1	2,082.0
Debt guarantees	278.1	351.6
Vendor warranties received	128.2	294.8
Other guarantees received	1,139.9	1,435.6

The commitments notably consist of commitments received from our partners in respect of construction contracts. The change over the first half of the year was mainly due to the expiry of a vendor warranty obtained during an acquisition in the Environmental Services segment, partial cancellation of commitments given in the constructions activity in Veolia Water Solutions and Technologies and by the cancellation of the guarantees received from the British Treasury for a credit line repaid at the beginning of the year.

In addition, the Group had undrawn medium and short-term credit lines and syndicated loans in the amount of €4.7 billion, compared to €3.8 billion as of December 31, 2008, which break down as follows:

(€ million)	As of June 30, 2009	As of December 31, 2008
Undrawn medium and short-term credit lines and syndicated loans	4,680.3	3,815.3
Undrawn MT syndicated loan	3,705.3	2,890.3
Undrawn MT credit lines (from 1 to 5 years)	875.0	575.0
Undrawn ST credit lines (< 1 year)	100.0	350.0

The following credit lines were not drawn down as of June 30, 2009:

Bank	Maturity date	Amount (€ million)
ABN Amro / RBS	December 20, 2010	125
	December 29, 2010	100
BNP Paribas	March 2, 2012	150
Calyon	March 4, 2010	100
CIC and Banque Fédérative du Crédit Mutuel	November 15, 2010	100
NATIXIS	March 31, 2012	150
Société Générale	December 23, 2010	150
HSBC	June 30, 2011	100
TOTAL		975

The €150 million BNP Paribas credit line maturing on March 3, 2009 was renewed in the same amount with a new maturity date of March 2, 2012.

The €200 million Natixis credit line maturing on February 9, 2009 was only renewed in the amount of €150 million maturing on March 31, 2012.

A new €100 million credit line maturing on June 30, 2011 was negotiated with HSBC.

28 COLLATERAL GIVEN SUPPORTING BORROWINGS

As of June 30, 2009, the Group has given €780 million of collateral guarantees in support of borrowings, compared to €924 million as of December 31, 2008.

29 RELATED PARTY TRANSACTIONS

During the half-year ended June 30, 2009, there were no significant changes in related party transactions compared to December 31, 2008.

30 GREENHOUSE GAS EMISSION RIGHTS

The Kyoto protocol, adopted in 1997, entered into force in February 2005, with a commitment period from 2008 to 2012. At the European level, the Union decided to implement, via Directive 2003/87/ EC of October 13, 2003, a trading system for carbon gas emission rights. This trading system came into effect at the beginning of 2005. The first allocation period expired at the end of 2007. The second period, in connection with the Kyoto protocol, covers 2008-2012.

The impact of these regulatory measures mainly concerns, within the Veolia Group, the Energy Services segment.

By optimizing installations, the Group may be able to create value from its energy supply surpluses or, on the contrary, in situations with energy supply deficits, contract hedges for its requirements.

As of June 30, 2009, the Group does not anticipate any deficit at the consolidated level.

31 REPORTING BY OPERATING SEGMENT

Effective January 1, 2009, the Group identifies and presents its segment information in accordance with IFRS 8 *Operating Segments*.

The financial data by operating segment is prepared using the same rules as those applied for the consolidated financial statements, as described in the Accounting principles and methods section in the Notes to the financial statements.

This information is based on the internal organization of Group activities and represents the Group's four core businesses, i.e. Water, Environmental Services, Energy Services and Transportation (which had been retained for the primary segment reporting under the old segment reporting standard – IAS 14).

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

The **Environmental Services** segment collects, processes and disposes of household, trade and industrial waste.

The **Energy Services** segment includes heat production and distribution, energy optimization and related services, and electricity production.

The **Transportation** segment focuses on the operation of passenger transportation services.

Pursuant to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the Income Statements of:

- the Clemessy and Crystal entities in the Energy Services segment, divested in December 2008, and
 - the entities of the Environmental Services U.S. incineration activity (Montenay International) and the Freight activity in Transportation, in the process of being sold as of June 30, 2009,
- have been grouped together in a separate line, "Net income from discontinued operations," for the half-year ended June 30, 2008 presented for comparative purposes.

Information by operating segment

Revenue by operating segment (€ million)	For the half- year ended June 30, 2009	For the half- year ended June 30, 2008	For the year ended December 31, 2008
Water	6,234.8	5,987.7	12,557.9
Environmental Services	4,502.4	5,014.9	9,972.5
Energy Services	3,717.0	3,676.2	7,449.4
Transportation	2,972.7	2,886.9	5,866.5
Revenue as per the consolidated income statement	17,426.9	17,565.7	35,846.3

Operating income by operating segment (€ million)	For the half-year ended June 30, 2009	For the half-year ended June 30, 2008	For the year ended December 31, 2008
Water	596.4	599.0	1,198.5
Environmental Services	134.3	396.9	265.2
Energy Services	248.4	286.6	429.7
Transportation	77.7	63.0	148.1
Total operating segments	1,056.8	1,345.5	2,041.5
Unallocated operating income	(56.0)	(53.3)	(107.8)
Operating income as per the consolidated income statement	1,000.8	1,292.2	1,933.7

Capital expenditure by operating segment (€ million)	For the half-year ended June 30, 2009	For the half-year ended June 30, 2008	For the year ended December 31, 2008
Water	347	479	945
Environmental Services	352	464	974
Energy Services	171	183	541
Transportation	269	196	342
Unallocated capital expenditure	35	28	91
Total capital expenditure ⁽¹⁾	1,174	1,350	2,893

⁽¹⁾ Pursuant to IAS 7, capital expenditure presented in segment reporting includes investments financed by finance lease, excluded from capital expenditure presented in the cash flow statement.

Veolia Environnement: Consolidated Financial Statements for the half-year ended June 30, 2009

Assets by operating segment as of June 30, 2009 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total assets in the consolidated balance sheet
Goodwill, net	2,299.8	2,754.8	1,151.9	537.0	62.1	6,805.6
Intangible assets and property, plant and equipment, net	6,042.7	4,336.1	2,392.6	1,717.2	274.7	14,763.3
Operating financial assets	4,061.1	772.2	656.3	106.4	70.4	5,666.4
Working capital assets including DTA	6,443.2	2,985.7	3,300.2	1,426.5	726.8	14,882.4
Total segment assets	18,846.8	10,848.8	7,501.0	3,787.1	1,134.0	42,117.7
Investments in associates	146.5	62.5	47.9	59.8	3.2	319.9
Other unallocated assets					7,259.2	7,259.2
Total assets	18,993.3	10,911.3	7,548.9	3,846.9	8,396.4	49,696.8

Assets by operating segment as of June 30, 2008 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total assets in the consolidated balance sheet
Goodwill, net	2,301.1	3,118.7	1,180.5	580.8	9.8	7,190.9
Intangible assets and property, plant and equipment, net	5,651.0	4,264.8	2,294.2	1,770.7	149.3	14,130.0
Operating financial assets	3,959.5	862.5	680.7	110.9	22.7	5,636.3
Working capital assets including DTA	5,992.3	3,607.4	3,639.3	1,544.6	620.3	15,403.9
Total segment assets	17,903.9	11,853.4	7,794.7	4,007.0	802.1	42,361.1
Investments in associates	133.3	86.2	26.0	54.6	4.4	304.5
Other unallocated assets					4,460.4	4,460.4
Total assets	18,037.2	11,939.6	7,820.7	4,061.6	5,266.9	47,126.0

Assets by operating segment as of December 31, 2008 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total assets in the consolidated balance sheet
Goodwill, net	2,247.7	2,736.6	1,131.1	551.4	56.5	6,723.3
Intangible assets and property, plant and equipment, net	5,887.6	4,388.0	2,374.7	1,724.8	224.9	14,600.0
Operating financial assets	4,083.2	836.9	679.5	105.5	46.1	5,751.2
Working capital assets including DTA	6,496.8	3,116.4	3,883.3	1,396.7	801.5	15,694.7
Total segment assets	18,715.3	11,077.9	8,068.6	3,778.4	1,129.0	42,769.2
Investments in associates	140.7	81.3	27.7	58.2	3.7	311.6
Other unallocated assets					6,045.3	6,045.3
Total assets	18,856.0	11,159.2	8,096.3	3,836.6	7,178.0	49,126.1

Liabilities by operating segment as of June 30, 2009 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total liabilities in the consolidated balance sheet
Provisions for contingencies and losses	986.0	931.4	479.1	404.6	167.0	2,968.1
Working capital liabilities including DTL	7,435.8	2,694.3	2,391.9	1,709.1	271.0	14,502.1
Total segment liabilities	8,421.8	3,625.7	2,871.0	2,113.7	438.0	17,470.2
Other unallocated liabilities					32,226.6	32,226.6
Total liabilities	8,421.8	3,625.7	2,871.0	2,113.7	32,664.6	49,696.8

Liabilities by operating segment as of June 30, 2008 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total liabilities in the consolidated balance sheet
Provisions for contingencies and losses	998.7	917.0	499.9	436.2	164.1	3,015.9
Working capital liabilities including DTL	7,083.0	3,157.7	2,782.7	1,756.8	208.6	14,988.8
Other segment liabilities	-	-	-	-	-	-
Total segment liabilities	8,081.7	4,074.7	3,282.6	2,193.0	372.7	18,004.7
Other unallocated liabilities					29,121.3	29,121.3
Total liabilities	8,081.7	4,074.7	3,282.6	2,193.0	29,494.0	47,126.0

Liabilities by operating segment as of December 31, 2008 (€ million)	Water	Environmental Services	Energy Services	Transportation	Unallocated amounts	Total liabilities in the consolidated balance sheet
Provisions for contingencies and losses	1,011.1	871.9	468.1	422.4	159.8	2,933.3
Working capital liabilities including DTL	7,599.6	3,056.5	2,956.8	1,598.3	316.5	15,527.8
Other segment liabilities						
Total segment liabilities	8,610.7	3,928.4	3,424.9	2,020.7	476.4	18,461.1
Other unallocated liabilities					30,665.0	30,665.0
Total liabilities	8,610.7	3,928.4	3,424.9	2,020.7	31,141.4	49,126.1

32 POST-BALANCE SHEET EVENTS

Veolia Environnement has announced that its subsidiary Veolia Transport has entered into exclusive discussions with the SNCF Group and the Eurotunnel Group which has submitted a firm bid to acquire the Veolia Cargo Company (in France and abroad). Veolia Transport will consider this bid carefully. If it is accepted, and after consulting the workers representation bodies and approval by the competent regulatory bodies, the disposal could take place by the end of 2009. Following these transactions, Veolia Environnement's indebtedness would be reduced by €95 million.

33 MAIN SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2009, the Veolia Environnement Group had consolidated 2,666 companies in its financial statements.

The list of main subsidiaries has not significantly changed since December 31, 2008, with the exception of:

- the proportionate consolidation of Digismart (Estonia), wholly-owned by Dalkia International, in the Energy Services segment;
- the full consolidation of Eolfi and its subsidiaries, as a result of the capital increase subscribed to by the Group in April 2009.