Financial statements 2013

Services Industriels de Genève

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Audit report

As statutory auditor, we have audited from page 3 to 72 the accompanying consolidated financial statements of Services Industriels de Genève, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes for the year ended 31 December 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the articles 158 to 160 of the Constitution of the Republic and Canton of Geneva and the "Loi sur l'organisation des Services Industriels de Genève" dated 5 October 1973. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with the articles 158 to 160 of the Constitution of the Republic and Canton of Geneva and the "Loi sur l'organisation des Services Industriels de Genève" dated 5 October 1973.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

Geneva, 18 March 2014

KPMG SA

Pierre Henri Pingeon	Adrian Dürig
Licensed audit expert	Licensed audit expert
Auditor in Charge	

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Financial statements

as at 31 December 2013

Consolidated statement of comprehensive income

for the financial year ended 31 December 2013

Consolidated statement of financial position

as at 31 December 2013

Consolidated statement of changes in equity

as at 31 December 2013

Consolidated statement of cash flows

for the financial year ended 31 December 2013

The original of these financial statements is written in French. In case of inconsistencies between the French original and the English translation, the French version shall prevail.

Consolidated statement of comprehensive income

for the financial year ended

	2013	2012 restated	Note
Revenue	1’048’452	1’087’830	2
Revenue	**1’048’452**	**1’087’830**	
Energy purchases for resale	409’685	405’554	3
Operating expenses	322’924	347’628	4
- Personnel expenses	*199’719*	*261’494*	
- Fees and external mandates	*25’062*	*24’282*	
- Waste disposal expenses	*11’061*	*10’409*	
- General operating expenses	*119’035 **	*84’704*	
- Capitalised and stored production	*-31’953*	*-33’261*	
Retirement benefit costs	-5’796	51’991	21
Amortisation	181’985 *	117’135	5, 25
Expenses	**908’798**	**922’308**	
Results from operating activities	**139’654**	**165’522**	
Finance expense	-121’743 *	-22’802	6, 25
Finance income	10’049	14’047	6
Share of results of equity-accounted investees	34’865 *	-106’376	10, 25
Results before charges to public authorities	**62’825**	**50’391**	
Expenses to public authorities	20’912	136’064	7
Group consolidated net results	**41’913**	**-85’673**	
Minority interests	-1’145	-1’845	
SIG consolidated net results	**40’768**	**-87’518**	
Actuarial gains and losses related to the pension obligation and to employee benefits	198’914	-80’052	20, 21
Net change of hedging derivatives	665	145	31
Net change of available-for-sale financial assets	512	-218	15
Share of other comprehensive income of equity-accounted investees	3’736	-3’819	10
Other comprehensive income recyclable in the consolidated net results	**203’827**	**-83’944**	
Comprehensive income	**244’595**	**-171’462**	

** of which impairments of MCHF 188 of property, plant and equipment, unconsolidated and consolidated financial assets and provisions for commitments (see note 25)*

The accompanying accounting policies and notes are an integral part of these financial statements.

Consolidated statement of financial position

as at

			31 December 2013	31 December 2012 restated	1 January 2012 restated	Note
Assets						
Non-current assets	Property, plant and equipment		3'032'791	3'012'392	2'888'169	8, 25
	Intangible assets		14'451	15'936	9'340	9
	Investments in associates and joint ventures		591'627	668'498	822'428	10
	Financial assets and prepayments		328'806	424'457	422'797	11, 25
	Total non-current assets		**3'967'675**	**4'121'283**	**4'142'734**	
Current assets	Inventories and work in progress		27'580	29'829	30'343	12
	Trade receivables from supplies and services		192'621	205'425	187'893	13
	Other financial assets and prepayments		55'750	66'832	87'030	14
	Cash and cash equivalents		186'225	37'794	83'724	15
	Total current assets		**462'176**	**339'880**	**388'990**	
	Total assets		**4'429'851**	**4'461'163**	**4'531'724**	
Equity and liabilities						
Equity	Share capital		100'000	100'000	100'000	16
	Consolidated reserves		2'225'301	2'303'580	2'307'911	17
	Actuarial gains and losses		-272'420	-465'831	-386'291	20, 21
	Hedging reserve		-868	-1'533	-1'678	31
	Revaluation reserve of financial assets		-200	-712	-494	31
	SIG consolidated net results		40'768	-87'518	0	29
	SIG total equity		**2'092'581**	**1'847'986**	**2'019'448**	
	Minority interests		22'515	21'370	19'525	
	Group total equity		**2'115'096**	**1'869'356**	**2'038'973**	
Liabilities	Non-current liabilities					
	Third party participation in investments		519'608	501'204	496'275	18
	Non-current borrowings		517'417	600'817	623'717	19
	Provisions		77'470	106'488	98'593	20, 25
	Pension obligations		725'368	923'985	797'551	21
	Financial liabilities and other obligations		73'105	70'918	96'529	22
	Total non-current liabilities		1'912'968	2'203'412	2'112'665	
	Current liabilities					
	Current borrowings		129'400	27'700	22'900	19
	Trade payables		118'019	120'224	149'067	23
	Other financial liabilities and accrued expenses		154'368	240'471	208'119	24, 25
	Total current liabilities		401'787	388'395	380'086	
	Total liabilities		**2'314'755**	**2'591'807**	**2'492'751**	
	Total equity and liabilities		**4'429'851**	**4'461'163**	**4'531'724**	

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Consolidated statement of changes in equity

as at 31 December

	Share capital	Consolidated reserves	Actuarial gains and losses	Hedging reserve	Revaluation reserve of financial assets	Net results for the financial year	SIG total equity	Minority interests	Group total equity	Note
Balance as at 31.12.2011, published	**100'000**	**2'392'708**	**0**	**-67**	**-494**	**-72'566**	**2'419'581**	**0**	**2'419'581**	
Allocation of the consolidated net results of the previous financial year		-72'566				72'566	0		0	
Balance as at 01.01.2012, published	**100'000**	**2'320'142**	**0**	**-67**	**-494**	**0**	**2'419'581**	**0**	**2'419'581**	
Impact of application of IAS 19 revised		-13'053	-386'291				-399'344		-399'344	1
Impact of application of IFRS 10		822		-1'611			-789	19'525	18'736	1
Balance as at 01.01.2012, restated	**100'000**	**2'307'911**	**-386'291**	**-1'678**	**-494**	**0**	**2'019'448**	**19'525**	**2'038'973**	
Consolidated net results						-87'518	-87'518	2'192	-85'326	29
- SIG net results						*61'295*	*61'295*		*61'295*	
- Contribution of consolidated companies						*-148'813*	*-148'813*	*2'192*	*-146'621*	
Other comprehensive income recyclable in the consolidated net results		-4'331	-79'540	145	-218		-83'944	-347	-84'291	
- Actuarial gains and losses related to the pension obligation		*-512*	*-79'540*				*-80'052*		*-80'052*	
- Net change of hedging derivatives				*145*			*145*	*-347*	*-202*	31
- Net change of available-for-sale financial assets					*-218*		*-218*		*-218*	15
- Share of other comprehensive income of equity-accounted investees		*-3'819*					*-3'819*		*-3'819*	10
Balance as at 31.12.2012, restated	**100'000**	**2'303'580**	**-465'831**	**-1'533**	**-712**	**-87'518**	**1'847'986**	**21'370**	**1'869'356**	
Allocation of the consolidated net results of the previous financial year		-87'518				87'518	0		0	
Balance as at 01.01.2013	**100'000**	**2'216'062**	**-465'831**	**-1'533**	**-712**	**0**	**1'847'986**	**21'370**	**1'869'356**	
Consolidated net results						40'768	40'768	1'285	42'053	29
- SIG net results						*57'692*	*57'692*		*57'692*	
- Contribution of consolidated companies						*-16'924*	*-16'924*	*1'285*	*-15'639*	
Other comprehensive income recyclable in the consolidated net results		9'239	193'411	665	512		203'827	-140	203'687	
- Actuarial gains and losses related to the pension obligation		*5'503*	*193'411*				*198'914*		*198'914*	
- Net change of hedging derivatives				*665*			*665*	*-140*	*525*	31
- Net change of available-for-sale financial assets					*512*		*512*		*512*	15
- Share of other comprehensive income of equity-accounted investees		*3'736*					*3'736*		*3'736*	10
Balance as at 31.12.2013	**100'000**	**2'225'301**	**-272'420**	**-868**	**-200**	**40'768**	**2'092'581**	**22'515**	**2'115'096**	

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Consolidated statement of cash flows

for the financial year ended 31 December

			2013	2012 restated	Note
Operating activities	SIG consolidated net results		40'768	-87'518	
	Share of minority interests		1'145	1'845	
	Dividends received from equity-accounted investees		54'534	46'931	10
	Non-monetary revenues and expenses				
	Share of results of equity-accounted investees		-55'762	106'374	10
	Amortisation of fixed assets		136'498	117'116	5
	Impairments		187'898	0	25
	Change in provisions		-61'497	53'446	20
	Multi-annual equalisation fund		5'230	-18'852	22
	Change in fair value of financial instruments		1'589	-3'231	31
	Gain on investments		-14'684	1'775	
	Self-financing capacity	a	295'719	217'886	
	(Increase) / decrease in operating assets		15'903	-14'183	
	Increase / (decrease) in operating liabilities		-79'809	23'136	
	Change in net operating assets	b	-63'906	8'953	
	Net cash from operating activities	c=a+b	**231'813**	**226'839**	
Investing activities	Investments in property, plant and equipment and intangible assets		-221'421	-266'838	8, 9
	Third party participation in investments		38'913	25'413	18
	Financial contributions to investments		81'108	-6'269	11
	Long-term loans		-4'767	-9'411	11
	Repayment of long-term loans		4'485	2'436	11
	Net cash used in investing activities	d	-101'682	-254'669	
	Free cash flow	e=c+d	**130'131**	**-27'830**	
Financing activities	Increase in borrowings		46'000	4'800	19
	Repayment of borrowings		-27'700	-22'900	19
	Net cash from / (used in) financing activities	f	18'300	-18'100	
Change in cash flow	**Net change in cash and cash equivalents**	g=e+f	**148'431**	**-45'930**	
	Cash and cash equivalents at the beginning of the financial year	h	37'794	83'724	15
	Cash and cash equivalents at the end of the financial year	g+h	**186'225**	**37'794**	15

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Accounting principles

as at 31 December 2013

Basic principles

The consolidated financial statements have been established in accordance with the International Financial Reporting Standards (IFRS) (formerly IAS standards) issued by the International Accounting Standards Board (IASB), and in accordance with the interpretations published by the "IFRS Interpretations Committee" (IFRIC).

The accounts have been prepared on the historical costs basis. Therefore, the value allocated to financial statement items reflects the costs at the actual date of the activities or facts concerned, with the exception of certain assets and liabilities which are measured at their fair value.

These consolidated financial statements were approved by SIG's Board of Directors on 18 March 2014.

All values are in KCHF (thousands of Swiss francs) unless otherwise indicated.

Notes on risk assessment

SIG's Board of Directors is responsible for the analysis of all risks at all company levels and for the implementation of appropriate controls to mitigate them. Financial risk controls are integrated into SIG's Internal Control System (ICS).

In this context and in order to guarantee accounting regularity, the ICS includes procedures which allow management to manage risks of material misstatement in financial statements prepared according to the IFRS framework.

Consolidation

The consolidated financial statements include the financial statements of SIG and of the companies listed in Appendix 1 to the consolidated financial statements. These companies are consolidated using different methods depending on whether they are subsidiaries, joint ventures, associates or joint operations.

The companies consolidated by SIG recognise their results and equity according to their own accounting principles and methods. These principles and methods may differ from those used by SIG. In this case, appropriate adjustments are made to the financial statements of the companies concerned.

Investments acquired or disposed of during the financial year are included in the scope of consolidation as of their date of acquisition and are excluded as of their date of sale.

Equity investments, which correspond to business combinations, are recorded according to the acquisition method. This method consists in recording the acquired company's assets and liabilities at their fair value while distinguishing the identifiable assets and liabilities from the goodwill.

Subsidiaries

Subsidiaries are entities controlled by SIG. SIG has control when it cumulatively:

- has power over the entity;
- is exposed, or has the right, to variable returns due to its relationship with the entity;
- has the capacity to exert its power over the entity in order to influence the amount of its returns.

When events of circumstances indicate that one or several of the three cumulative control elements have changed, SIG reassesses whether it still controls the entity.

Subsidiaries are consolidated by full consolidation. This method consists of replacing the investment's carrying amount with all of the subsidiary's assets and liabilities, while distinguishing the share of results and equity which is not held by SIG.

Changes in the share held in a subsidiary which do not result in a loss of control are recorded in consolidated equity.

In the case of loss of control, SIG deducts from its consolidated accounts the subsidiary's assets and liabilities at their carrying amount and recognises the fair value of the counterparty received. Any investment maintained in the former subsidiary is recognized at its fair value at the date of the loss of control. The resulting difference is recorded in the consolidated statement of comprehensive income.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the company have rights to its net assets. Joint control is the contractually agreed sharing of control of a company.

Investments in joint ventures are consolidated according to the equity method. They are initially recorded at cost and are then adjusted to take into account changes subsequent to the acquisition of SIG's share in the joint ventures' net assets.

The goodwill identified on acquisition is included in the investment in joint ventures.

SIG's share in the investees' results is recognised in the consolidated statement of comprehensive income. The share in changes in equity which does not affect the financial performance is recorded in other comprehensive income.

Joint operations

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

Joint operations are consolidated based on SIG's share in their assets, liabilities, revenue and expenses.

Associates

Associates are entities over which SIG has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. Significant influence is presumed when SIG holds directly or indirectly through its subsidiaries at least 20% of the voting rights.

Associates are consolidated according to the equity method described above.

Goodwill

Goodwill is considered to be the difference between the price paid and the fair value of SIG's share in net assets acquired, at the date of acquisition. Goodwill is recorded on the balance sheet as intangible assets and then measured at cost less accumulated impairment losses.

An impairment test is performed annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. In the case of long-term impairment, goodwill is reduced by the corresponding amount of the impairment loss.

The identification and valuation of net assets and acquisition costs resulting in negative goodwill are reassessed. Any surplus remaining after this operation is recognised in profit or loss.

Fair value

Fair value is the price that is received for the sale of an asset or that is paid for the transfer of a liability in a normal transaction between market participants at the valuation date. This price is thus independent from the specific use of an asset by the company by which it is valued. Indeed, it takes into account the ability of a market participant to generate economic advantages by making optimal use of the asset or by selling it to another market participant that would make optimal use of it.

The fair value concerns the financial and non financial assets as well as the financial liabilities.

Fair value of financial assets and liabilities

In order to increase the consistency and the comparability of fair value valuations and of the information provided thereon, the IFRS establish a fair value hierarchy which classifies according to three levels the input data of the valuation techniques used in order to determine the fair value.

Level 1

The fair value of the financial instruments classified in level 1 is determined by using the unadjusted prices of identical assets and liabilities to which SIG has access on active markets at the valuation date.

The prices used for the financial assets and liabilities held by SIG are the average prices applicable at the valuation date.

Level 2

The fair value of the financial instruments classified in level 2 is determined by using data, other than market prices which are directly or indirectly observable. SIG adjusts these data in order to take into account the factors which are specific to the financial instrument to be valued. If the latter has a specific maturity date, the data must be observable for nearly all its duration.

Level 3

The fair value of the financial instruments classified in level 3 is determined using unobservable data. Unobservable data is used only when there are no observable relevant and available data. This data consist of forecasts and estimates made by SIG, for example on cash flows or expected earnings. It best reflects the assumptions, including those related to risks, that market participants would use in order to determine the financial instrument's price.

The determination of the fair value requires the use of assumptions and estimates concerning future business growth, which affect the financial statements. The actual subsequent results may differ from these estimates.

Property, plant and equipment

Cost elements

The valuation of property, plant and equipment represents the price paid for their acquisition or their construction less accumulated amortisation.

Subsequent costs are added to the asset's carrying amount when they are intended to increase or expand the originally defined level of performance of the existing asset.

The borrowing costs directly attributable to the construction of assets (interim interests), whose duration and amount exceed set limits, are defined as a cost element for the period of time required to complete and prepare the asset for its intended use. The limits are based on the company's materiality level for these assets.

Amortisation

Amortisation is determined for each component which has a significant cost in relation to the element's total cost. Amortisation is calculated according to the straight-line method on the basis of the following useful lives, which take into account durations of use and technological obsolescence :

• Primary wastewater disposal network collectors	10 to 50 years
• Buildings	10 to 80 years
• Production equipment	5 to 50 years
• Transport equipment	20 to 60 years
• Distribution equipment	20 to 60 years
• Other property, plant and equipment	4 to 20 years

Land is not amortised and is considered to have an indefinite useful life.

Impairment

If the carrying amount of an asset exceeds its estimated recoverable amount, then impairment is recorded.

Disposal

The profit or loss resulting from the disposal of property, plant and equipment is presented in the consolidated statement of comprehensive income.

Third-party participations in investments

Public subsidies

Public subsidies applying to property, plant and equipment are considered as deferred income and are recognised in profit or loss on a straight-line basis over the affected assets' estimated duration of use. Deferred income appears in the liabilities at its carrying amount and in the statement of comprehensive income is deduced from the amortization to which it relates.

Donations

Donations refer to materially important facilities built by SIG for third parties (State, private companies) and then assigned to SIG.

These facilities are recorded as property, plant and equipment financed by public subsidies.

Customer participations

SIG is contracted to build facilities aimed at supplying energy and water to its customers. The customers contribute to the maintenance of these facilities by paying part of the investment costs. The facilities remain SIG's property.

These assets are treated as property, plant and equipment benefiting from public subsidies.

Intangible assets

Research and development

Cost elements

Research and development expenses are recognised in the statement of comprehensive income as incurred.

As soon as the analysis shows that the IFRS recognition criteria are met, development costs incurred are capitalised.

Development costs initially recorded as expenses are not subsequently capitalised.

Amortisation

Capitalised development costs are considered to have a finite useful life and are amortised as soon as they are capitalised, using the straight-line method of amortisation over a period that does not exceed five years.

Software development costs

Cost elements

In general, costs linked to computer software development are expensed as incurred.

In the instance that costs are clearly linked to a specific product for which expected profits generated exceed one year, an intangible asset is recognised. These costs only include expenditures directly attributable to the development of the project, i.e. the personnel costs of the development team.

Costs incurred to increase or extend the economic benefit of the computer software beyond the initial specifications are considered to be improvements and capitalised.

Amortisation

The development costs for capitalised software are amortised on a straight-line basis over their useful life which shall not exceed five years. An exception arises for specific computer applications for which our experts have estimated that their useful life is greater than five years but less than ten years.

Other intangible assets

Other intangible assets purchased from third parties are capitalised and amortised on a straight-line basis over a period which does not exceed five years.

When an intangible asset is an integral part of equipment, it is treated as property, plant and equipment.

At the end of each financial year, the useful life and the amortisation method of all of these assets are reassessed.

Financial assets

Equity securities are measured at their value in use.

Derivatives are measured at fair value.

Receivables are valued at amortised cost.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined by using the weighted average cost method. It comprises only direct purchase costs.

Impairment charges are recorded for inventory items considered to be obsolete.

Work in progress related to services sold

Work in progress represents a large number of construction contracts for which the duration is generally less than one year. Therefore, SIG records the revenues generated by these contracts upon completion of the work.

However, losses are recognised as soon as they become foreseeable and recorded during the period in which they are identified.

If the duration of the contract exceptionally extends over several years and if it is possible to estimate the outcome reliably, SIG uses the percentage of completion method to estimate the appropriate amount recognised in profit or loss during the period. The percentage of completion is determined on the basis of the costs incurred up to the date considered.

The costs of work in progress include equipment and personnel expenses.

Trade receivables from supplies and services

Trade receivables are recorded at their expected net realisable value.

An assessment is carried out for doubtful accounts of significant value on the basis of a review of amounts due at the end of the financial year. This credit risk assessment is based on an internal assessment of events which occurred before the closing date and considers the solvency of important clients. Any resulting impairment estimated is assigned to specific trade receivables.

An additional collective provision for losses on receivables is statistically calculated on the basis of historical losses in previous years and of probability of recovery.

Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits and other short-term investments with original maturities of three months or less.

Other financial assets and liabilities

Other receivables, accounts payable to suppliers and other accounts payable are measured at amortised cost. This value approximates fair value.

Financial instruments

The classification of financial instruments depends on their type and the reason for purchase or subscription.

Financial assets and liabilities are classified in the following categories :

Financial assets and liabilities at fair value through profit and loss

These are financial assets or liabilities which are held for trading.

They are initially recognised and then revalued at fair value at each closing date. Profits and losses resulting from changes in fair values are recorded directly through profit and loss.

Held-to-maturity investments

These are financial assets which SIG intends, and is able, to hold to maturity. These instruments have fixed or determinable payments and a fixed maturity date.

They are initially recognised at fair value and then revalued at amortised cost. Profits and losses resulting from changes in amortised cost are recorded directly in the statement of comprehensive income.

Loans and receivables

These are financial assets that are not quoted on an active market and which have fixed or determinable payments.

They are initially recognised at fair value and then revalued at amortised cost. Profits and losses resulting from changes in amortised cost are recorded directly in the statement of comprehensive income.

Bank balances, cash as well as trade receivables are included in this category.

Available-for-sale financial assets

These are financial assets designated as available-for-sale or that are not classified in any of the three previous categories.

They are initially recognised at fair value and then revalued at their value in use at each closing date. Profits and losses resulting from changes are presented in the consolidated statement of comprehensive income.

Unconsolidated equity securities are included in this category.

Financial liabilities measured at amortised cost

These are financial liabilities that are not classified in the category of financial liabilities at fair value through the statement of comprehensive income.

They are initially recognised at fair value and then revalued at amortised cost. Profits and losses resulting from changes in amortised cost are recorded directly in the statement of comprehensive income.

Non-current borrowings, current borrowings, suppliers and creditors are included in this category.

Normal operations

The scope of application of financial instruments has been defined by SIG in accordance with the provisions of IAS 39. In particular, forward electricity contracts with physical delivery are considered to be excluded from the scope of the application of IAS 39 where these contracts were concluded in the context of SIG's normal operations. This is demonstrated when the following conditions are met :

- A physical delivery occurs systematically;
- The volumes purchased correspond to those required for SIG's operational needs;
- The contracts are not similar to option sales as provided for by IAS 39. In the specific case of electricity sale contracts, the contract is similar to a fixed forward sale or to a sale of capacity.

Only contracts that meet all of these conditions are considered to be excluded from the scope of application of IAS 39. This analysis requires the creation of specific documentation.

SIG considers that electrical energy purchase and sales transactions concluded in order to make the volume available coincide with that required to supply its customers fall within the scope of its activities as an integrated electrician that is also a partial producer. They are therefore excluded from the scope of application of IAS 39.

Derivatives

SIG uses derivatives in order to reduce its exposure to interest rate fluctuations, exchange risks and risks linked to the supply of electrical energy. These instruments are initially recognised at fair value at the date of conclusion of the derivative contract and subsequently revalued at fair value.

The treatment method for gains or losses resulting from this valuation depends on the relation between the derivative and the hedged item. Upon conclusion of the contract, the derivative is designated as :

- An instrument that meets the cash flows hedging criteria. The effective part of the gain or loss on the hedging instrument is recorded under other comprehensive income and the inefficient part is recorded in the consolidated net results.
- An instrument that does not meet the hedging criteria according to the standard, but provides effective financial cover. The gain or loss on the derivative is recorded immediately in the consolidated net results.

For an instrument designated as meeting the cash flows hedging criteria, SIG documents the relationship between the hedged element and the hedging instrument from the beginning of the transaction. Furthermore, it specifies its objectives concerning risk management and the hedging strategy. SIG also documents, both at the beginning of the hedging operation and on a permanent basis, the measurement of the efficient nature of the derivatives used in order to counterbalance the changes in cash flow of the hedged elements.

The use of derivatives aims solely to manage interest rate risks, exchange risks and risks of variations in electricity prices.

SIG contracts the following derivatives : interest rate swaps, interest and exchange options, forward exchange operations, forward electricity operations and the FMHL option.

The amounts paid or received in relation to financial instruments are recognised as expenses or revenues in the relevant financial year.

The specific accounting methods used as well as additional information are described in the notes.

Foreign currency transactions

Foreign currency transactions are translated at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the end of the financial year. The exchange differences resulting from these monetary assets and liabilities are recorded in the statement of comprehensive income.

Provisions

Provisions are recorded when :

- SIG has a current obligation resulting from a past event;
- It is probable that an outflow of funds representing economic benefits will be necessary to settle the obligation;
- A reliable assessment of the amount of the obligation can be carried out.

At the closing date, management assesses the amount of the obligation based on constantly applied economic criteria. It is recorded at the discounted value of the obligation.

Pension obligations

SIG provides a defined benefit pension scheme to employees.

The retirement benefit costs are assessed using the projected unit credit method. According to this method, the cost of retirement is recognised in the statement of comprehensive income in the year in which it occurs, in order to spread it evenly over the employees' duration of service, or recorded immediately in the case of retirees.

The actuarial assumptions used to determine the obligation are objective and mutually compatible. Their evolution is systematically analysed and monitored by the financial department.

Pension obligations are calculated annually by a qualified actuary at the present value of estimated future payments.

The accumulated actuarial differences resulting from changes in actuarial assumptions are immediately recognised in other comprehensive income.

Recognition of revenues

Revenues

Revenues are recognised upon delivery of fluids, energies and upon treatment of waste and wastewater. This includes fluids and energies provided and consumed until the end of the accounting period.

Multi-annual equalisation fund

Electrical energy prices, supply and applicable taxes are subject to the regulations set by the Swiss Federal Electricity Commission (ElCom). The gain resulting from the difference between the amounts received and the maximum remuneration is recorded as deferred income in the statement of financial position under "Financial liabilities and other obligations", in a multi-annual equalisation fund. It is then recorded as revenues over the following periods during which price reductions intended to reimburse overpayments are granted to customers for the quantities consumed. When a loss is recognised as a result of this difference, the shortfall in revenues is recorded on the statement of financial position under "Financial assets and prepayments" in a multi-annual equalisation fund. It is then reversed over the following periods during which price increases intended to remunerate SIG for the services provided are set for the customers for the quantities consumed.

Services

Services provided which exceed one year and which are important are recorded according to the contract's stage of completion. Services include in particular construction contracts.

Telecom advances

Single payments made in advance by customers for the lease of physical information transmission carriers (Telecom) are recorded on the balance sheet under "Financial liabilities and other obligations". They are then spread over all periods covered by the lease on a systematic basis which reflects a constant periodic rate of return on the balance of the amount received in advance.

Other revenues from normal operations

Other revenues from normal operations are recorded on the following basis :

- Pro rata temporis for interest;
- As they are acquired for charges to public authorities;
- When the right to receive the payment is established for dividends.

Charges to public authorities

The amounts which SIG must pay to the State, to the city and to the municipalities of Geneva are fixed by law. They are presented separately in the consolidated statement of comprehensive income.

SIG is not subject to taxation of its income and capital. Therefore, IAS 12 only applies to subsidiaries which have been fully consolidated and whose taxes are not significant.

Determining accounting estimates and judgements

Preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in order to determine the value of assets and liabilities as well as of revenues and expenses for the financial year. Depending on the evolution of assumptions considered, or on changes in economic conditions to those existing at the reporting date, the amounts stated in SIG's future consolidated financial statements may differ from current estimates.

The primary sources of uncertainty concerning estimates relate to the following positions :

Property, plant and equipment

When evidence of impairment is identified, the value in use of property, plant and equipment is calculated by estimating the anticipated future discounted cash flows resulting from these assets. The estimation of these cash flows is based primarily on the business plan of the entities concerned.

Management considers that the book value of the assets recorded in the financial statements corresponds to their value in use.

Valuation of subsidiaries, associates and joint ventures

The value in use of subsidiaries, associates and joint ventures is calculated according to a method similar to that used for property, plant and equipment.

In particular, SIG holds 20.39% of the shares of EOS Holding, which holds 31.38% of Alpiq's shares. The value of this investment is sensitive to changes in consumption, in the euro's exchange rate and in electricity prices on the market.

Management considers that the book value of associates and joint ventures recorded in the financial statements corresponds to their value in use.

Consolidated investments in and receivables from wind project companies

The value in use of investments in wind project companies and of receivables from these companies is calculated according to a method similar to that used for property, plant and equipment.

The value of these companies, from which the value of consolidated investments in and receivables from wind project companies is derived, is sensitive to the obtaining of the building authorisations as well as to the fluctuation of construction costs, of wind conditions and of the discount rate.

Management considers that the book value of the consolidated investments in and receivables from wind project companies corresponds to their value in use.

Financial instruments

In order to estimate the financial instruments that are not quoted on a market, SIG uses valuation models which are based on a number of assumptions. The modification of such assumptions could potentially have a significant impact on the accounts.

In particular, SIG holds 15.05% of the shares of EnergieDienst Holding. The value of these shares is sensitive to changes in consumption and in electricity prices on the market.

Management considers that the book value of the financial instruments that are not quoted on a market is representative of their value in use.

Consumption to be invoiced

The value of the energy quantities supplied, not recorded and not invoiced, is determined at the reporting date on the basis of consumption statistics and sales prices estimates. The determination of this value depends on the assumptions used to determine the share of turnover that is not invoiced at the closing of the accounts.

Pension obligations

The calculation of pension obligations is based on actuarial valuations which are particularly sensitive to discount rate assumptions and salary increase rates.

Comparative data

New and revised standards that have a significant influence on the financial statements

In 2013, SIG applied the new and revised IFRS/IAS standards which must be applied for the financial year starting on 1 January 2013.

New IFRS 10 standard "Consolidated Financial Statements"

IFRS 10 clarifies the definition of the principle of control such as it was clarified previously in IAS 27 "Separate Financial Statements". Additional indications have been provided in order to help determine if an investor controls an entity, i.e. if the entity must be considered as a subsidiary. In this context, SIG's management has analysed its investments that may be concerned by this new standard and has come to the conclusion that SIG controls SFMCP and Cadiom. These two companies are thus consolidated by full consolidation as at 31 December 2013 whereas they were consolidated according to the equity method as joint ventures at 31 December 2012.

New IFRS 11 standard "Joint Arrangements"

IFRS 11 addresses the classification and the recognition of a joint arrangement of which two or more parties have joint control. According to the new standard, a joint arrangement is either a joint operation or a joint venture.

The classification of a joint arrangement according to IFRS 11 depends on the parties' rights and obligations, on the agreement's structure, on the entity's legal form, on the contractual provisions between the parties and, where appropriate, on other facts and circumstances.

Joint ventures and joint operations are consolidated differently. Each participant that has joint control of a joint venture has rights to the net assets that it consolidates according to the equity method. Each participant that has joint control of a joint operation consolidates its share of the company's assets, liabilities, revenue and expenses.

SIG's management has examined and assessed the classification of SIG's investments in joint arrangements according to the provisions of IFRS 11. It has concluded that effective investments as at 31 December 2012 are classified as follows:

	2013	2012
Parc Eolien de la Grandsonnaz SA	JV	JV
Parc Eolien de la Montagne de Moutier SA	JV	JV
Parc Eolien de la Montagne du Droit SA	JV	JV
Parc Eolien de la Montagne de Romont SA	JV	JV
Parc Eolien du Mont de Boveresse SA	JV	JV
Windpark Schwängimatt SA	JV	JV
Parc Eolien de St-Brais SA	JV	JV
Parc Eolien de Delémont SA	JV	JV
EssairVent SA	JV	JV
Windpark Burg SA	JV	JV
CGC Holding SA	JV	A
Gries Wind SA	JO	JV
PôleBio Energies SA	JO	JV
Swisswinds Development GmbH	A	JV
ennova SA	A	JV
Parco eolico del San Gottardo	A	JV
Swisspower Renewables SA	A	JV
Securelec - Vaud SA	A	JV
EOSH Holding	A	A
Gaznat SA	A	A
Swisspower Energy SA	A	A

JV : joint venture   A : associate   JO : joint operation

New IFRS 12 standard "Disclosure of Interests in Other Entities"

IFRS 12 clarifies the information to be provided by entities which have interests in subsidiaries, joint arrangements and associates. This information allows the users of the entities' financial statements to assess the interests held in other companies, the related risks and the impact of these interests on the financial situation. The application of IFRS 12 has resulted in the presentation of more detailed information in the consolidated financial statements (see note 1).

IAS 19 standard "Employee Benefits" revised in 2011

In 2013, SIG applied for the first time the IAS 19 standard "Employee Benefits" which was revised in 2011. According to the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the changes in IAS 19 "Employee Benefits" revised were applied retrospectively as at 1 January 2012. This implies, according to IAS 1, the presentation of an additional statement of financial position at the beginning of the comparative financial year.

The main change brought about by this revision is the obligation to recognise immediately and fully the actuarial gains and losses in other comprehensive income. Consequently, the pension obligation recorded under liabilities in SIG's statement of financial position represents SIG's full commitment.

Previously, the amount of actuarial gains and losses exceeding a certain threshold was recognised in the consolidated net results per portion according to the expected remaining average active life of SIG's employees.

Furthermore, IAS 19 revised establishes the use of a single interest rate applied to the net pension obligation.

Previously, IAS 19 imposed the use of two interest rates, one for the discounting of the pension obligation, the other for the valuation of the return of assets.

Finally, IAS 19 revised requires that additional information be provided in the notes to the consolidated financial statements (see notes 20 and 21).

Other comparative data

Where appropriate, the comparative data have been adjusted in order to comply with the changes in presentation for this year.

These modifications allow the financial information's quality to be improved.

Impact of the application of IAS 19 revised and of the new standards IFRS 10 and IFRS 11

The impact of the application of IAS 19 revised "Employee Benefits", IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" on the statement of comprehensive income, the statement of financial position and the consolidated statement of cash flows is presented in detail below.

	2012	Impact IAS 19 revised	Impact IFRS 10 and 11	2012
	published	restatement		restated
Revenue	1'077'981		9'849	1'087'830
Revenue	**1'077'981**	**0**	**9'849**	**1'087'830**
Energy purchases for resale	415'838		-10'284	405'554
Operating expenses	337'307	-257	10'578	347'628
- Personnel expenses	*258'814*	*-257*	*2'937*	*261'494*
- Fees and external mandates	*24'115*		*167*	*24'282*
- Waste disposal expenses	*10'409*			*10'409*
- General operating expenses	*77'230*		*7'474*	*84'704*
- Capitalised and stored production	*-33'261*			*-33'261*
Retirement benefit costs	35'495	16'496		51'991
Amortisation	116'828		307	117'135
Expenses	**905'468**	**16'239**	**601**	**922'308**
Results from operating activities	**172'513**	**-16'239**	**9'248**	**165'522**
Finance expense	-22'189		-613	-22'802
Finance income	14'460		-413	14'047
Share of results of equity-accounted investees	-101'839		-4'537	-106'376
Results before charges to public authorities	**62'945**	**-16'239**	**3'685**	**50'391**
Expenses to public authorities	134'224		1'840	136'064
Group consolidated net results	**-71'279**	**-16'239**	**1'845**	**-85'673**
Minority interests			-1'845	-1'845
SIG consolidated net results	**-71'279**	**-16'239**	**0**	**-87'518**
Actuarial gains and losses related to the pension obligation and to employee benefits		-80'052		-80'052
Net change of hedging derivatives	-563		708	145
Net change of available-for-sale financial assets	-218			-218
Share of comprehensive income of equity-accounted investees	-3'458		-361	-3'819
Other comprehensive income	**-4'239**	**-80'052**	**347**	**-83'944**
Comprehensive income	**-75'518**	**-96'291**	**347**	**-171'462**

	31 December 2012	Impact IAS 19 revised	Impact IFRS 10 and 11	31 December 2012
	published	restatement		restated
Assets				
Non-current assets				
Property, plant and equipment	2'868'913		143'479	3'012'392
Intangible assets	15'811		125	15'936
Investments in associates and joint ventures	726'077	-13'565	-44'014	668'498
Financial assets and prepayments	443'147		-18'690	424'457
Total non-current assets	**4'053'948**	**-13'565**	**80'900**	**4'121'283**
Current assets				
Inventories and work in progress	29'135		694	29'829
Trade receivables from supplies and services	203'094		2'331	205'425
Other financial assets and prepayments	77'675		-10'843	66'832
Cash and cash equivalents	36'178		1'616	37'794
Total current assets	**346'082**	**0**	**-6'202**	**339'880**
Total assets	**4'400'030**	**-13'565**	**74'698**	**4'461'163**
Equity and liabilities				
Equity				
Share capital	100'000			100'000
Consolidated reserves	2'316'684	-13'565	461	2'303'580
Actuarial gains and losses		-465'831		-465'831
Hedging reserve	-630		-903	-1'533
Revaluation reserve of financial assets	-712			-712
Consolidated net results	-71'279	-16'239		-87'518
SIG total equity	**2'344'063**	**-495'635**	**-442**	**1'847'986**
Minority interests			21'370	21'370
Group total equity	**2'344'063**	**-495'635**	**20'928**	**1'869'356**
Liabilities				
Non-current liabilities				
Third party participation in investments	490'580		10'624	501'204
Non-current borrowings	585'967		14'850	600'817
Provisions	81'577	14'511	10'400	106'488
Pension obligations	456'426	467'559		923'985
Financial liabilities and other obligations	70'015		903	70'918
Total non-current liabilities	1'684'565	482'070	36'777	2'203'412
Current liabilities				
Current borrowings	20'850		6'850	27'700
Trade payables	121'559		-1'335	120'224
Other financial liabilities and accrued expenses	228'993		11'478	240'471
Total current liabilities	371'402	0	16'993	388'395
Total liabilities	**2'055'967**	**482'070**	**53'770**	**2'591'807**
Total equity and liabilities	**4'400'030**	**-13'565**	**74'698**	**4'461'163**

	1 January 2012	Impact IAS 19 revised	Impact IFRS 10 and 11	1 January 2012
	published	restatement		restated
Assets				
Non-current assets				
Property, plant and equipment	2'769'654		118'515	2'888'169
Intangible assets	9'340			9'340
Investments in associates and joint ventures	874'099	-13'053	-38'618	822'428
Financial assets and prepayments	436'025		-13'228	422'797
Total non-current assets	**4'089'118**	**-13'053**	**66'669**	**4'142'734**
Current assets				
Inventories and work in progress	29'508		835	30'343
Trade receivables from supplies and services	186'947		946	187'893
Other financial assets and prepayments	88'338		-1'308	87'030
Cash and cash equivalents	82'250		1'474	83'724
Total current assets	**387'043**	**0**	**1'947**	**388'990**
Total assets	**4'476'161**	**-13'053**	**68'616**	**4'531'724**
Equity and liabilities				
Equity				
Share capital	100'000			100'000
Consolidated reserves	2'320'142	-13'053	822	2'307'911
Actuarial gains and losses		-386'291		-386'291
Hedging reserve	-67		-1'611	-1'678
Revaluation reserve of financial assets	-494			-494
Consolidated net results				
SIG total equity	**2'419'581**	**-399'344**	**-789**	**2'019'448**
Minority interests			19'525	19'525
Group total equity	**2'419'581**	**-399'344**	**18'736**	**2'038'973**
Liabilities				
Non-current liabilities				
Third party participation in investments	485'901		10'374	496'275
Non-current borrowings	606'817		16'900	623'717
Provisions	78'631	9'671	10'291	98'593
Pension obligations	420'931	376'620		797'551
Financial liabilities and other obligations	94'918		1'611	96'529
Total non-current liabilities	1'687'198	386'291	39'176	2'112'665
Current liabilities				
Current borrowings	20'850		2'050	22'900
Trade payables	150'081		-1'014	149'067
Other financial liabilities and accrued expenses	198'451		9'668	208'119
Total current liabilities	369'382	0	10'704	380'086
Total liabilities	**2'056'580**	**386'291**	**49'880**	**2'492'751**
Total equity and liabilities	**4'476'161**	**-13'053**	**68'616**	**4'531'724**

The original of these financial statements is written in French. In case of inconsistencies between the French original and the English translation, the French version shall prevail.

	2012 published	Impact IAS 19 revised restatement	Impact IFRS 10 and 11 restatement	2012 restated
Consolidated net results	-71'279	-16'239	0	-87'518
Share of minority interests			1'845	1'845
Dividends received from equity-accounted investees	46'931			46'931
Non-monetary revenues and expenses				
Share of results of equity-accounted investees	101'838		4'536	106'374
Amortisation of fixed assets	116'829		287	117'116
Change in provisions	37'099	16'239	108	53'446
Multi-annual equalisation fund	-18'852			-18'852
Change in fair value of financial instruments	-3'231			-3'231
Gain on investments	1'775			1'775
Self-financing capacity	211'110	0	6'776	217'886
(Increase) / decrease in operating assets	-22'474		8'291	-14'183
Increase / (decrease) in operating liabilities	21'647		1'489	23'136
Change in net operating assets	-827	0	9'780	8'953
Net cash from operating activities	**210'283**	**0**	**16'556**	**226'839**
Investments in property, plant and equipment and intangible assets	-242'429		-24'409	-266'838
Third party participation in investments	24'668		745	25'413
Financial contributions to investments	-6'269			-6'269
Long-term loans	-13'911		4'500	-9'411
Repayment of long-term loans	2'436			2'436
Net cash used in investing activities	-235'505	0	-19'164	-254'669
Free cash flow	**-25'222**	**0**	**-2'608**	**-27'830**
Increase in borrowings			4'800	4'800
Repayment of borrowings	-20'850		-2'050	-22'900
Net cash from / (used in) financing activities	-20'850	0	2'750	-18'100
Net change in cash and cash equivalents	**-46'072**	**0**	**142**	**-45'930**
Cash and cash equivalents at the beginning of the financial year	82'250		1'474	83'724
Cash and cash equivalents at the end of the financial year	**36'178**	**0**	**1'616**	**37'794**

The original of these financial statements is written in French. In case of inconsistencies between the French original and the English translation, the French version shall prevail.

Adoption of new standards and interpretations

At the closing date of these consolidated financial statements, new or amended standards and interpretations issued but not yet effective were as follows :

- IFRS 7 "Financial Instruments : Disclosures", amendments to the standard
- IFRS 9 "Financial Instruments", new standard
- IFRS 10 "Consolidated Financial Statements", amendments to the standard
- IFRS 12 "Disclosure of Interests in Other Entities", amendments to the standard
- IAS 27 "Separate Financial Statements", amendments to the standard
- IAS 32 "Financial Instruments : Presentation", amendments to the standard
- IAS 36 “Impairment of Assets”, amendments to the standard
- IAS 39 “Financial Instruments: Recognition and Measurement”, amendments to the standard
- IFRIC 21 “Levies”, new interpretation
- Amendments resulting from the IFRS annual improvement programme 2013

Management has decided not to adopt these new standards early.

Their potential impact is currently being assessed.

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Notes to the consolidated financial statements

as at 31 December 2013

In the notes, all values are in KCHF unless otherwise indicated.

SIG is an independent public legal entity under the supervision of the Council of State. It is personally and solely liable for all of its debts and obligations.

SIG's organisation is governed by the law of 5 October 1973 resulting from articles 158 to 160 of the Constitution of Geneva.

The Constitution of the Republic and Canton of Geneva establishes the objective for SIG to provide water, gas, electricity and thermal energy and to undertake waste treatment in the Canton of Geneva. SIG's tasks also include the disposal and treatment of polluted water within the scope established by the law. Furthermore, SIG may develop activities in areas that are linked to the above-mentioned objective and provide services in the field of telecommunications.

Activities of SIG

Drinking water

SIG solely supplies drinking water to the population and the economy of the Canton of Geneva.

The non-current assets of the drinking water pumping, treatment and supply network belong to SIG. 80% of the water is pumped from the lake and the remainder from the ground water of the Genevois area. It is treated in order to ensure its quality before supplying it to customers.

Wastewater

SIG is solely responsible for the disposal, transport and treatment of polluted water from the entire canton and cross-border area.

This activity is under the control of the federal law of 7 October 1983 on the protection of the environment (LPE).

The facilities and buildings of the primary wastewater collection, treatment and disposal network belong to SIG. Wastewater is sent to various purification plants where it is cleaned and discharged in the Rhone and Arve rivers.

Waste recovery

SIG is solely responsible for waste treatment and recovery in the canton.

This activity is under the control of the federal law of 7 October 1983 on the protection of the environment (LPE).

The waste treatment facilities and buildings belong to SIG. Waste is brought to the Cheneviers plant by river or road transport. It consists of household waste, industrial waste similar to household waste, special waste and green waste.

Natural gas and thermal energy

SIG supplies natural gas and thermal energy to the population and the economy of the Canton of Geneva.

The non-current assets of the natural gas supply network belong to SIG. Natural gas is supplied from European networks via Gaznat, of which SIG is a shareholder, to SIG's distribution network. This network then ensures distribution to users in the Geneva area.

Electricity production

SIG produces part of the electricity which it transports and supplies in the Canton of Geneva.

The non-current assets for electricity production belong to SIG. They primarily include :

- The diversion dams of Verbois, Seujet and SFMCP, through its consolidation, which ensure the production of hydroelectric energy;
- The photovoltaic panels which produce solar energy;
- The facilities of the Cheneviers plant which transform the heat from waste treatment into thermal and electrical energy.

Electrical energy

SIG supplies electrical energy to the population and economy of the Canton of Geneva.

The federal law on the supply of electricity (LApEl) allows consumers of more than 100 MWh/year to choose their provider. As a result, this activity includes captive customers (< 100 MWh/year) and eligible customers (> 100 MWh/year). The latter have either chosen free competition and SIG as supplier or have not chosen free competition.

28% of electricity supply is provided by the hydroelectric plants (Verbois, Seujet, investment in Société des Forces Motrices de Chancy-Pougny), 3% through the recycling of treated waste (Cheneviers plant), 1% from other types of installations, in particular photovoltaic, which are owned by SIG. The 68% balance is provided by purchases from outside the canton, principally from EOS Holding, of which SIG is a shareholder, and from other third party companies. Delivery to customers is ensured by SIG's electricity distribution network throughout the Canton of Geneva.

Electricity distribution

SIG solely ensures the transport and delivery of electricity within the Canton of Geneva.

The non-current assets of the electricity distribution network belong to SIG. The electricity distribution network is partially subterranean and partially overhead. It is notably composed of high, medium and low voltage lines, the connection with neighbouring cantons and countries occurring by means of very high voltage lines.

SIG Services

SIG primarily provides services in the areas of telecoms, construction and installations, these services being related to the core areas of activity of SIG, i.e. water, gas and electricity.

The objective of the telecom activities is to provide a high-quality physical carrier for the high-speed transmission of information and to conceive interconnection sites in order to bring service providers and final customers closer together.

Other

Other activities include the infrastructure necessary for the operation of the company.

1. Scope of consolidation of the SIG Group

Companies	Head office	Objective	Share in 2013	Share in 2012
Subsidiaries				
Electricity sector				
Société des Forces Motrices de Chancy-Pougny SA (SFMCP)	Chancy	Production	72%	72%
Securelec SA	Carouge	Security of electrical facilities	100%	100%
Compagnie Luminotechnique SA	Satigny	High-rise external lighting	100%	100%
Verrivent SA	Les Verrières	Electrical energy from wind farms	100%	100%
TourNEvent SA	Rochefort		100%	100%
Windpark Jaunpass SA	Boltingen		100%	100%
Gas and thermal energy sector				
Cadiom SA	Vernier	Heat production and transport	51%	51%
Multi-service sector				
Services Industriels de Genève (France)	Annemasse	Projects in SIG's areas of activity	100%	100%
Joint ventures				
Electricity sector				
Parc Eolien de la Grandsonnaz SA	Bullet	Electrical energy from wind farms	40%	40%
Parc Eolien de la Montagne de Moutier SA	Moutier		40%	40%
Parc Eolien de la Montagne du Droit SA	Court		40%	40%
Parc Eolien de la Montagne de Romont SA	Romont BE		40%	40%
Parc Eolien du Mont de Boveresse SA	Val-de-Travers		40%	40%
Windpark Schwängimatt SA	Laupersdorf		40%	40%
Parc Eolien de St-Brais SA	St-Brais		55%	55%
Parc Eolien de Delémont SA	Delémont		55%	55%
EssairVent SA	Essertines-sur-Rolle		49%	49%
Windpark Burg SA	Kienberg		51%	51%
Gas and thermal energy sector				
CGC Holding SA	Thônex	Corporate management	40%	40%
Joint operations				
Electricity sector				
Gries Wind SA	Obergoms	Electrical energy from wind farms	25%	25%
Environmental sector				
PôleBio Energies SA	Satigny	Waste treatment and recovery	33%	33%
Associates				
Electricity sector				
EOSH Holding	Lausanne	Production, transport, trading and sale	20%	23%
Swisswinds Development GmbH	Grimisuat	Electrical energy from wind farms	28%	28%
ennova SA	Le Landeron		20%	20%
Parco eolico del San Gottardo SA	Airolo		25%	25%
Swisspower Renewables SA	Zürich		20%	23%
Securelec - Vaud SA	Ecublens	Security of electrical plants	38%	38%
Gas and thermal energy sector				
Gaznat SA	Lausanne	Supply, transport	38%	38%
Telecom sector				
Swiss Fibre net SA	Berne	Data transmission service supplier	35%	
Multiservice sector				
Swisspower Energy SA	Zürich	Distribution of energy and related services	30%	30%

The scope of consolidation lists SIG's direct investment in its investees.

The share of capital held expresses the acquired percentage of shares. It is identical to that of voting rights.

SIG also holds, indirectly through the joint venture CGC Holding, 17.8% of Cadiom.

Subsidiaries

As at 31 December 2013, SIG holds 72.2% of SFMCP's shares, which allows it to designate the majority of the members of the latter's Board of Directors. The Board of Directors of SFMCP votes by an absolute majority when strategic decisions are made.

SIG directly holds 51% of Cadiom's shares. It holds the majority of votes within the latter's Board of Directors. The Board of Directors votes at the majority of members present.

The agreements which bind respectively the shareholders of SFMCP and Cadiom do not limit SIG's power within the meaning of the IFRS standard. Furthermore, SIG is exposed to the variable returns of SFMCP and Cadiom which it influences by using its shareholder rights.

The only important restrictions which limit SIG's ability to have access to the subsidiaries' assets or to settle their liabilities are of legal nature.

Consequently, pursuant to the new IFRS 10 standard "Consolidated Financial Statements" which came into force on 1 January 2013, management has come to the conclusion that SIG controls SFMCP and Cadiom. These two companies are consolidated by full consolidation, as subsidiaries, in SIG's financial statements.

As at 31 December 2012, the definition of control by the IFRS standards did not allow to conclude that SIG controls SFMCP and Cadiom, although it already held the majority of the latter's voting rights. These companies were considered as joint ventures and, as such, they were consolidated according to the equity method in SIG's financial statements.

The comparative data has been restated.

Comprehensive summarised financial information of SIG's subsidiaries not held in exclusive ownership and in which the minority interests are significant

The amounts indicated below represent the values presented in the subsidiaries' financial statements after having been restated in order to comply with the IFRS but before the elimination of reciprocal accounts and operations.

2013 Percentage of interests of minority interest holders	SFMCP 28%	Cadiom 49%	Total
Statement of financial position			
Non-current assets	99'146	52'322	151'468
Current assets	8'439	5'720	14'159
Total assets	**107'585**	**58'042**	**165'627**
Equity	53'150	15'838	68'988
Non-current liabilities	43'895	18'800	62'695
Current liabilities	10'540	23'404	33'944
Total equity and liabilities	**107'585**	**58'042**	**165'627**
Share of minority interests in equity	14'754	7'761	22'515
Statement of income			
Revenue	18'772	10'202	28'975
Expenses	-15'756	-9'577	-25'333
Net results for the financial year	**3'016**	**625**	**3'642**
Other comprehensive income			0
Comprehensive income for the financial year	**3'016**	**625**	**3'642**
Share of minority interests in the net results for the financial year	-838	-307	-1'145
Cash flows			
from operating activities	6'391	2'733	9'124
from investing activities	-14'420	-813	-15'233
from financing activities	12'472	-226	12'246
Net change in cash	**4'443**	**1'694**	**6'137**

2012 Percentage of interests of minority interest holders	SFMCP 28%	Cadiom 49%	Total
Statement of financial position			
Non-current assets	88’917	54’126	143’043
Current assets	4’494	4’944	9’438
Total assets	**93’411**	**59’070**	**152’481**
Equity	50’133	15’211	65’344
Non-current liabilities	10’400	14’850	25’250
Current liabilities	32’878	29’009	61’887
Total equity and liabilities	**93’411**	**59’070**	**152’481**
Share of minority interests in equity	13’917	7’453	21’370
Statement of income			
Revenue	17’490	9’076	26’566
Expenses	-11’450	-8’736	-20’186
Net results for the financial year	**6’040**	**340**	**6’380**
Other comprehensive income			0
Comprehensive income for the financial year	**6’040**	**340**	**6’380**
Share of minority interests in the net results for the financial year	-1’678	-167	-1’845
Cash flows			
from operating activities	6’955	2’067	9’022
from investing activities	-15’983	-6’698	-22’681
from financing activities	9’299	4’501	13’800
Net change in cash	**271**	**-130**	**141**

Joint ventures

The application of the criteria of the new IFRS 11 standard “Joint Arrangements” which came into force on 1 January 2013 led SIG’s management to conclude that the agreement which binds the shareholders of CGC Holding is a joint arrangement. However the shareholders are not entitled to the near entirety of the economic advantages of the assets held by CGC Holding and the latter does not systematically depend on its shareholders for the settlement of its liabilities. Consequently, SIG’s management has concluded that CGC Holding is a joint venture which is thus consolidated according to the equity method in SIG’s financial statements.

As at 31 December 2012, pursuant to the IFRS standards, SIG’s management had concluded that CGC Holding was an associate which was consolidated according to the equity method. The accounting treatment thus remains unchanged.

Comprehensive summarised financial information of SIG's joint ventures

The amounts indicated below represent the values presented in the joint ventures' financial statements after having been restated in order to comply with the IFRS.

2013	CGC Holding	Other joint ventures	Total
Non-current assets	9'824	1'214	11'038
Current assets	22'866	114	22'980
Total assets	**32'690**	**1'328**	**34'018**
Equity	5'358	324	5'682
Non-current liabilities	12'845	916	13'761
Current liabilities	14'487	88	14'575
Total equity and liabilities	**32'690**	**1'328**	**34'018**
Revenue	50'396		50'396
Expenses	-49'932	-1'145	-51'077
Results for the financial year	**464**	**-1'145**	**-681**
Other comprehensive income			
Comprehensive income for the financial year	**464**	**-1'145**	**-681**
SIG's share in equity	2'143	322	2'465
Goodwill	2'612		2'612
Value of equity accounting	**4'755**	**322**	**5'077**
SIG's share in results	186	-393	-207

2012	CGC Holding	Other joint ventures	Total
Non-current assets	8'867	20'486	29'353
Current assets	24'406	863	25'269
Total assets	**33'273**	**21'349**	**54'622**
Equity	4'767	1'191	5'958
Non-current liabilities	13'750	20'147	33'897
Current liabilities	14'756	11	14'767
Total equity and liabilities	**33'273**	**21'349**	**54'622**
Revenue	8'827	4	8'831
Expenses	-8'627	-543	-9'170
Results for the financial year	**200**	**-539**	**-339**
Other comprehensive income			
Comprehensive income for the financial year	**200**	**-539**	**-339**
SIG's share in equity	1'907	558	2'465
Goodwill	2'772		2'772
Value of equity accounting	**4'679**	**558**	**5'237**
SIG's share in results	80	425	505

Joint operations

Gries Wind and PôleBio Energies are consolidated in SIG's financial statements based on SIG's share in the assets, liabilities, revenue and expenses of these companies.

Associates

As at 31 December 2013, the agreements which bind the shareholders of certain companies in which SIG has invested do not allow to conclude that these are managed as joint arrangements. SIG nevertheless has significant influence on these companies. The application of the criteria of the new IFRS 11 standard "Joint Arrangements" which came into force on 1 January 2013 led SIG's management to conclude that these companies are associates. They are consolidated according to the equity method in SIG's financial statements.

As at 31 December 2012, pursuant to the IFRS standards, SIG's management had concluded that Swisswinds Development, ennova, Parco eolico del San Gottardo, Swisspower Renewables and Securelec-Vaud were joint ventures, consolidated according to the equity method. The accounting treatment thus remains unchanged.

Comprehensive summarised financial information of SIG's associates

The amounts indicated below represent the values presented in the associates' financial statements after having been restated in order to comply with the IFRS.

2013	EOSH Holding	ennova	Swisspower Renewables	Gaznat	Swisspower Energy	Other associates	Total
Non-current assets	2'210'097	0	10'641	237'364	587	2'743	2'461'432
Current assets	355'585	0	137	222'369	55'824		633'915
Total assets	**2'565'682**	**0**	**10'778**	**459'733**	**56'411**	**2'743**	**3'095'347**
Equity	2'226'221	0	10'778	238'522	17'775	2'743	2'496'039
Non-current liabilities	289'234	0		101'440			390'674
Current liabilities	50'227	0		119'772	38'636		208'635
Total equity and liabilities	**2'565'682**	**0**	**10'778**	**459'734**	**56'411**	**2'743**	**3'095'348**
Revenue	61'973	0		650'187	164'854	2'770	879'784
Expenses	-73'289	0	-8'862	-623'737	-166'969	-3'740	-876'597
Results for the financial year	**-11'316**	**0**	**-8'862**	**26'450**	**-2'115**	**-970**	**3'187**
Other comprehensive income	45'767	0					45'767
Comprehensive income for the financial year	**34'451**	**0**	**-8'862**	**26'450**	**-2'115**	**-970**	**48'954**
SIG's share in equity	496'543	0	3'250	80'510	4'968	1'279	586'550
Goodwill		0					
Value of equity accounting	**496'543**	**0**	**3'250**	**80'510**	**4'968**	**1'279**	**586'550**
SIG's share in results	47'036	-12'992	-1'756	10'433	-2'001	-5'648	35'072
SIG's share of other comprehensive income recyclable in the consolidated net results	9'332						9'332

2012	EOSH Holding	ennova	Swisspower Renewables	Gaznat	Swisspower Energy	Other associates	Total
Non-current assets	2’310’007	28’524	10’641	224’212	697	3’510	2’577’591
Current assets	521’595	320	3’744	192’321	82’666	1’703	802’349
Total assets	**2’831’602**	**28’844**	**14’385**	**416’533**	**83’363**	**5’213**	**3’379’940**
Equity	2’440’332	146	13’560	213’159	25’993	1’526	2’694’716
Non-current liabilities	370’179	28’096		73’867		2’474	474’616
Current liabilities	21’091	602	825	129’507	57’370	1’213	210’608
Total equity and liabilities	**2’831’602**	**28’844**	**14’385**	**416’533**	**83’363**	**5’213**	**3’379’940**
Revenue	56’112	6’109	740	598’583	215’870	2’873	880’287
Expenses	-532’819	-6’083	-3’097	-594’226	-208’987	-2’896	-1’348’108
Results for the financial year	**-476’707**	**26**	**-2’357**	**4’357**	**6’883**	**-23**	**-467’821**
Other comprehensive income	-16’586						-16’586
Comprehensive income for the financial year	**-493’293**	**26**	**-2’357**	**4’357**	**6’883**	**-23**	**-484’407**
SIG's share in equity	561’786	28	3’964	71’273	7’266	500	644’817
Goodwill		12’964				5’480	18’444
Value of equity accounting	**561’786**	**12’992**	**3’964**	**71’273**	**7’266**	**5’980**	**663’261**
SIG's share in results	-109’738	1	-531	1’355	2’055	-1	-106’858
SIG's share of other comprehensive income recyclable in the consolidated net results	-4’331						-4’331

Goodwill

The estimation of the recoverable value of the cash generating units which have goodwill was made using the method of the discounted future cash flows. The main calculation elements are as follows:

- Verrivent, ennova, Swisswinds Development and Parco eolico del San Gottardo: discount rate and last known technical and financial data;
- CGC Holding: discount rate, application of a perpetual annuity and no growth.

Management considers that a reasonable change of the main calculation elements would not lead to a result below the carrying amount of the generating cash units which have goodwill.

	2013	2012	Note
Verrivent	3’099	3’099	9
CGC Holding	2’612	2’772	10
ennova	0	12’964	25
Swisswinds Development	0	3’592	25
Parco eolico del San Gottardo	0	1’888	25
Gries Wind	0	125	25
Compagnie Luminotechnique	143	143	9

Non-consolidated investments

Other non-consolidated investments appear under "Financial assets" (see note 11).

2. Revenues

	2013	2012 restated
Drinking water revenues	95’048	97’305
Wastewater revenues	82’162	84’486
Gas and thermal energy revenues	281’054	254’255
Electrical energy revenues	262’343	285’051
Electricity production revenues	9’118	10’346
Electricity distribution revenues	201’317	234’202
Waste recovery revenues	59’072	61’477
SIG Services revenues	42’696	45’364
Other revenues	15’642	15’344
Total revenues	**1’048’452**	**1’087’830**

3. Energy purchases for resale

This entry represents external energy purchases that are directly linked to sales. Purchases are primarily made from related parties :

- 100% of natural gas purchases from Gaznat;
- approximately 31% of electricity purchases from the EOS Holding group.

This excludes SIG's own energy production such as Verbois, Seujet and the Cheneviers plant as well as its subsidiary Société des Forces Motrices de Chancy-Pougny. This production represents a significant part of the canton’s electricity consumption. The corresponding costs are presented in different expenditure items on the statement of comprehensive income.

Management of risks linked to energy supply

Management policy for risks linked to electricity supply

In the context of its operational activities linked to the sale of energy, SIG is subject, in particular, to variations in energy prices due to the evolution of market prices, to the reliability of its suppliers and to the weak liquidity of the Swiss market.

SIG sells gas and electricity. The risks relating to gas supply are managed by Gaznat, a company in which SIG has an investment (see note 1).

SIG has put in place an internal organisational structure which allows it to manage its electrical energy portfolio in a dynamic manner. This portfolio is managed with the aim of covering electrical energy requirements at a minimum cost while at the same time controlling the risks linked to market prices and volumes linked to open positions as well as the risks linked to counterparty failure.

The "Management policy for risks linked to electricity supply" has been approved by the Board of Directors. This policy is intended to define the context in which the operations linked to electricity supply must be carried out. It is complemented by a manual on the management of risks linked to electricity supply which represents its operational part and is approved by the Supply Committee.

Each year, the Supply Committee approves the supply strategy as well as certain obligation limits in terms of quantity and value. A list of authorised counterparties is also established.

Two types of products are authorised :

- Products which result in a physical delivery at the contract maturity;
- Financial instruments without physical delivery which allow hedging of price risks. The use of financial instruments is limited to products which use as a reference EEX stock prices which have a strong correlation to Swiss prices.

The following limits are set :

- A minimum limit on physical supply in Switzerland;
- A maximum obligation limit which allows price risks of open positions to be controlled;
- A maximum obligation limit towards counterparties;
- A maximum volume and price limit in order to control the dynamic management of the portfolio;
- Usage limits for financial instruments in terms of nominal amounts, margin calls and purchase premiums.

Supply contracts

Three quarters of the total electrical energy consumption of customers is provided by energy purchase contracts with suppliers.

These contracts are distributed as follows :

- Long-term contracts of over 5 years. These contracts contain in particular a purchase right concluded with EOS SA (see note 25);
- Medium-term contracts, annual, quarterly or monthly;
- Short-term contracts, weekly or daily;
- Intraday contracts, hourly for the current day.

In order to better manage the risks linked to fluctuations in electricity prices, SIG enters into forward contracts for the purchase of electrical energy. Part of these contracts are concluded abroad, due to the low liquidity of the Swiss energy market, and do not always result in physical delivery. These contracts are entered into with the aim of being conserved until their maturity. At inception, on the basis of defined criteria, these contracts are classified in the normal operations portfolio or in the dynamic portfolio. The normal operations portfolio is not recorded on the balance sheet. The dynamic portfolio is presented in the assets or liabilities with counterparty in the consolidated statement of comprehensive income.

FMHL financial option

The EOS Holding group has ceded an FMHL financial option to SIG (see note 26).

4. Operating expenses

	2013	2012 restated	Note
Personnel expenses	**199'719**	**261'494**	
Salaries	198'973	199'823	
Social charges	-12'748	46'930	20
Performance bonus	6'354	7'200	
State personnel	1'715	1'901	
Other personnel charges	5'425	5'640	
Fees and external mandates	**25'062**	**24'282**	
Temporary staff	18'982	18'106	
Consulting expenses	6'080	5'505	
Other purchases of external services	0	671	
Waste disposal expenses	**11'061**	**10'409**	
General operating expenses	**119'035**	**84'704**	
Expenses linked to premises	7'440	7'596	
Supplies and services	57'390	53'774	
Insurances and taxes	6'497	7'512	
Institutional communication	7'078	7'433	
Other operating expenses	40'630	8'389	25
Total expenses before capitalisation and storage	**354'877**	**380'889**	
Capitalised and stored production	-31'953	-33'261	
Total operating expenses	**322'924**	**347'628**	

Social charges

In 2013, the dissolution of the contribution to the retirees' health insurance costs voted by the Board of Directors has a downward impact of KCHF 56'730 on the social charges (see note 20).

Performance bonus

The performance bonus is an element of SIG's remuneration system. It is calculated on the basis of the "results" exceeding the objectives set beforehand. Its possible allocation is intended to better value the contribution of all the employees to the important efforts required by the company's adaptation to its future challenges.

State personnel

The "State personnel" item represents the employees of the Cheneviers plant, the wastewater activities and the Châtillon site who have chosen to remain employees of the State of Geneva.

Waste disposal expenses

Waste disposal expenses represent the cost to remove residues (ashes, clinkers, etc.) produced by the Cheneviers plant, the quantity of which is directly linked to the volume of waste treated and invoiced, as well as the removal of untreated waste.

They also include expenses arising from the removal and incineration of sludge from the wastewater purification plants, as well as those incurred in connection with the removal of stones and sand extracted from the settling tanks.

Capitalised and stored production

Capitalised and stored production relates to operating costs (labour and expenses) of the financial year that are recognised in property, plant and equipment under construction or in work-in-progress. These operating costs are first presented in the relevant operating expense caption and then transferred to the balance sheet through the "Capitalised and stored production" caption.

5. Amortisation

	2013	2012 restated	Note
Property, plant and equipment	**173'767**	**111'339**	
Amortisation	140'219	116'077	8
Third party participation in investments	-17'922	-17'661	18
Impairments	45'375	0	25
Scrapping and other disposals	6'095	12'923	8, 18
Intangible assets	**8'218**	**5'796**	9
Total amortisation	**181'985**	**117'135**	

Changes of estimates

Cheneviers

On 26 June 2013, the Council of State decided that the existing waste incineration and recovery plant Cheneviers III would be entirely closed down in 2022 and replaced by the new plant Cheneviers IV. SIG has adapted the residual useful life of all the assets which constitute the existing plant Cheneviers III in order to reflect this decision and to end its amortisation in 2022. This change of estimate is materialized by an additional amortisation expense of MCHF 0.5 in 2013.

Wastewater

SIG has reviewed the amortisation periods of the wastewater collectors and concluded that their useful life is of 50 years. This estimate has been corroborated by the branch recommendation. This change of estimate generates an additional amortisation expense of MCHF 9 in 2013.

Non-capitalisable costs

In order to determine the costs that cannot be capitalized, SIG carries out an analysis of recognised costs at the commencement of the service of the property, plant and equipment under construction and at the end of the financial year for significant property, plant and equipment under construction.

Costs which cannot be capitalised are transferred to amortisation for the financial year. For the 2013 financial year, this analysis identified costs amounting to KCHF 598 for amortisation (KCHF 4'087 in 2012).

6. Finance expense and income

	2013	2012 restated	Note
Finance expense	**-121'743**	**-22'802**	
Impairment of financial assets	-89'769	0	25
Loss on sale of EOSH shares	-10'475	0	10
Interests on share capital	-5'000	-5'000	16
Interests and costs of borrowings	-11'144	-10'929	
Share of recognised interests	1'355	2'333	
Changes in the value of financial instruments	-1'589	0	
Losses of financial instruments	-1'279	-195	
Other finance expense	-3'842	-9'011	
Finance income	**10'049**	**14'047**	
Revenues from equity securities	7'488	7'484	
Revenues from accounts receivables, investments and current accounts	2'561	3'114	
Changes in the value of financial instruments	0	3'449	

Interests on share capital

An interest of 5% per year is collected on the share capital by public authorities (article 3, paragraph 6 of the law on the organisation of SIG of 5 October 1973).

Share of recognised interests

SIG calculates and recognises interim interests on investments under construction. The interest rate applied is 2.1% in 2013 (2.5% in 2012).

Revenues from equity securities

Dividends from equity securities which are not subject to the equity method are recorded under "Revenue from equity securities".

7. Expenses to public authorities

2012 restated	State	City	Municipalities	Federal Government	Other	Total
Expenses for the use of the public domain	64’939	10’600	13’753			89’292
Public authority energy fund	3’906					3’906
Regulatory expenses to the State regarding water rights	4’811					4’811
Hydraulic expenses	6’741					6’741
New renewable energies				13’055		13’055
Expenses for the financing of the secondary wastewaster treatment network	12’777					12’777
Subsidies and other expenses			187		5’295	5’482
Total expenses for the use of the public domain	**93’174**	**10’600**	**13’940**	**13’055**	**5’295**	**136’064**
2013						
Expenses for the use of the public domain	-48’619	10’618	13’990			-24’011
Public authority energy fund	3’906					3’906
Regulatory expenses to the State regarding water rights	7’268					7’268
Hydraulic expenses	7’020					7’020
New renewable energies				12’810		12’810
Expenses for the financing of the secondary wastewaster treatment network	12’775					12’775
Coverage of residual costs of ancillary services				-3’680		-3’680
Subsidies and other expenses			204		4’620	4’824
Total expenses for the use of the public domain	**-17’650**	**10’618**	**14’194**	**9’130**	**4’620**	**20’912**

Expenses for the use of the public domain

The amount of the annual expenses for the use of the public domain payable to the State, to the city and to the municipalities is established in accordance with article 32, paragraphs 2 and 3 of the law on the organisation of SIG dated 5 October 1973. In 2013, the expenses represents 5% of gross revenues paid to the State and 15% of gross revenues paid to the municipalities for the use of the electrical network on their respective territories during the applicable financial year. In 2012, the charge payable to the State had been increased to 40%.

On 10 June 2013, the Federal Tribunal accepted the appeal lodged by thirty municipalities of the canton of Geneva and cancelled the Geneva draft law no 10900 voted on 15 December 2011 by the Grand Conseil de la République et canton de Genève. This draft law increased to 40% the charge for the use of the public domain payable by SIG to the State. The Federal Tribunal considered that the charge increase was not related to the change of the use of the cantonal public domain. Consequently, the additional charge paid in 2012 by SIG to the State of Geneva was repaid in 2013 for an amount of MCHF 57.

Public authority energy fund

The public authority energy fund is constituted in accordance with article 31, paragraphs 3 and 4 of the law on the organisation of SIG. 10% of revenues invoiced to the State, to the City of Geneva and to the surrounding municipalities is allocated to the public authority energy fund. This fund is for the development of renewable energies and energy saving measures.

Regulatory expenses to the State regarding water rights

The State collects expenses regarding water rights in accordance with article 33 of the water law of 5 July 1961 and articles 21 and following of the regulation dated 5 March 2003 on the use of surface and subsurface water.

Hydraulic expenses

The State collects annual expenses for the use of water as a motive force, in accordance with articles 49 and following of the federal law on the use of hydroelectric forces dated 22 December 1916 and the regulation of the federal council on the calculation of expenses relating to water rights dated 12 February 1918.

Since 1 January 2011, these expenses amount to CHF 100 per kW.

New renewable energies

In accordance with article 15b of the federal law on energy (LEne), the national transport network company collects a supplement on the costs of transport over high-voltage networks in order to finance, in particular, the pooled costs at the national level which are not covered by market prices, and which are covered by the network operators for the coverage of electricity from renewable sources.

Expenses for financing of the secondary wastewater treatment network

Expenses for financing of the secondary wastewater treatment network are paid to the State.

Coverage of residual costs of ancillary services

Until the end of July 2010, pursuant to article 31b of the Ordinance on Electricity Supply (OApEl), transitional provision for the period from 2009 to 2013, the national transport network company billed individually the operators of electrical plants with a power equal to or above 50 MW, proportionally to their share in gross energy production, for the share of residual costs of ancillary services. On 8 July 2010, the Federal Administrative Tribunal issued a decision stating that this billing system was anti-constitutional and illegal. From January 2011, the residual costs of ancillary services were billed to the end customers. In 2013, SIG received the repayment of the cost of ancillary services billed in 2009 and 2010 with no legal base.

Subsidies and other expenses

Subsidies and other expenses primarily include free waste treatment for charities and financial incentives in connection with the energy savings programme.

Detailed charges for the use of the public domain

Municipalities	2013 charges to be paid in 2014	2012 charges to be paid in 2013
Aire-la-Ville	31	32
Anières	106	104
Avully	55	53
Avusy	48	47
Bardonnex	87	87
Bellevue	153	149
Bernex	288	287
Carouge	1'213	1'200
Cartigny	32	32
Chancy	39	36
Chêne-Bougeries	433	425
Chêne-Bourg	338	348
Choulex	43	45
Collex-Bossy	51	48
Collonge-Bellerive	512	502
Cologny	334	325
Confignon	133	128
Corsier	80	76
Dardagny	156	142
Genève	10'618	10'600
Genthod	105	98
Grand-Saconnex	811	806
Gy	18	18
Hermance	38	40
Jussy	58	56
Laconnex	23	22
Lancy	1'394	1'389
Meinier	79	78
Meyrin	1'644	1'622
Onex	420	420
Perly-Certoux	123	122
Plan-les-Ouates	1'107	1'094
Pregny-Chambésy	235	231
Presinge	24	24
Puplinge	87	86
Russin	17	17
Satigny	605	573
Soral	27	26
Thônex	497	493
Troinex	88	81
Vandoeuvres	131	126
Vernier	1'546	1'512
Versoix	459	438
Veyrier	322	315
Etat de Genève	8'203	8'117
Increase of the charge payable to the State of Geneva in 2012, repaid by the State of Geneva in 2013	-56'822	56'822
Total	**-24'011**	**89'292**

8. Property, plant and equipment

2012 restated	Land and buildings	Production and distribution facilities	Other property plant and equipment	Under construction	Total	Note
Gross value as at 1 January	**1'216'247**	**3'134'499**	**193'268**	**383'138**	**4'927'152**	
Additions				260'342	260'342	
Recognised interests				2'333	2'333	
Transfers to intangible assets				-6'652	-6'652	
Placed in service	32'550	244'128	12'270	-288'948	0	
Disposals	-5'606	-68'526	-1'454	-3'207	-78'793	
Gross value as at 31 December	**1'243'191**	**3'310'101**	**204'084**	**347'006**	**5'104'382**	
Cumulated amortisation as at 1 January	**-448'781**	**-1'437'916**	**-152'287**	**0**	**-2'038'984**	
Amortisation	-23'917	-83'542	-8'595		-116'054	
Disposals	4'754	56'861	1'433		63'048	
Cumulated amortisation as at 31 December	**-467'944**	**-1'464'597**	**-159'449**	**0**	**-2'091'990**	
of which net impairment as at 31 December	*-52'553*	*-39'972*	*-33*		*-92'558*	
Net book value as at 31 December	**775'247**	**1'845'504**	**44'635**	**347'006**	**3'012'392**	
2013						
Gross value as at 1 January	**1'243'191**	**3'310'101**	**204'084**	**347'006**	**5'104'382**	
Additions				219'253	219'253	
Recognised interests				1'355	1'355	
Transfers to intangible assets				-5'920	-5'920	
Placed in service	24'263	221'454	12'692	-258'409	0	
Disposals	-836	-26'868	-2'128	-589	-30'420	
Gross value as at 31 December	**1'266'618**	**3'504'687**	**214'649**	**302'695**	**5'288'649**	
Cumulated amortisation as at 1 January	**-467'944**	**-1'464'597**	**-159'449**	**0**	**-2'091'989**	
Amortisation	-24'196	-105'675	-10'348		-140'220	5
Impairment		-45'376			-45'376	25
Disposals	423	19'378	1'925		21'726	
Cumulated amortisation as at 31 December	**-491'717**	**-1'596'269**	**-167'872**	**0**	**-2'255'858**	
of which net impairment as at 31 December	*-45'543*	*-76'646*	*-20*		*-122'209*	
Net book value as at 31 December	**774'901**	**1'908'418**	**46'776**	**302'695**	**3'032'791**	

Investments planned by SIG and its subsidiaries

The facilities' going concern and the granting of concessions imply undertaken, projected or imposed investments for the next five years, estimated at MCHF 1'078.

Cheneviers plant

In 2007, the estimation of the recoverable value of the Cheneviers plant's assets required the recording of a gross impairment of KCHF 135'500.

At the end of 2013, the assets of the Cheneviers plant were reduced by a net impairment of KCHF 51'011 (KCHF 63'380 at the end of 2012).

Primary wastewater treatment network

In 2007, the estimation of the recoverable value of the primary wastewater treatment network required the recording of a gross impairment of KCHF 38'000.

At the end of 2013, the primary wastewater treatment network was reduced by a net impairment of KCHF 25'823 (KCHF 29'177 at the end of 2012).

9. Intangible assets

2012 restated	In service	In development	Goodwill	Total	Note
Gross value as at 1 January	**67'910**	**1'320**	**143**	**69'373**	
Additions		2'520	3'224	5'744	
Transfers from property, plant and equipment	6'652			6'652	
Placed in service	606	-606		0	
Disposals	-70			-70	
Gross value as at 31 December	**75'098**	**3'234**	**3'367**	**81'699**	
Cumulated amortisation as at 1 January	**-60'033**	**0**	**0**	**-60'033**	
Amortisation	-5'796			-5'796	
Disposals	66			66	
Cumulated amortisation as at 31 December	**-65'763**	**0**	**0**	**-65'763**	
Net book value as at 31 December	**9'335**	**3'234**	**3'367**	**15'936**	
2013					
Gross value as at 1 January	**75'098**	**3'234**	**3'367**	**81'699**	
Additions		813		813	
Transfers from property, plant and equipment	5'920			5'920	
Placed in service	1'687	-1'687		0	
Disposals	-3'567			-3'567	
Gross value as at 31 December	**79'138**	**2'360**	**3'367**	**84'865**	
Cumulated amortisation as at 1 January	**-65'763**	**0**	**0**	**-65'763**	
Amortisation	-6'183			-6'183	
Impairments			-125	-125	1
Disposals	1'657			1'657	
Cumulated amortisation as at 31 December	**-70'289**	**0**	**-125**	**-70'414**	
of which net impairment as at 31 December			*-125*	*-125*	
Net book value as at 31 December	**8'849**	**2'360**	**3'242**	**14'451**	

Intangible assets in service and in development

This item primarily includes acquired software.

The cost of additional internal developments intended to adapt standard software to the specific needs of SIG appears in the "In development" column. Upon their commencement of service, these costs are added to the initial investment value.

Goodwill

This item primarily includes goodwill resulting from the full consolidation of the subsidiary Verrivent.

10. Investments in joint ventures and associates

Movement of investments

2012 restated	EOS Holding	ennova	Swiss power Renewables	Gaznat	Swiss power Energy	CGC Holding	Other investments in joint ventures	Other investments in associates	Total	Note
Investments as at 1 January, published	734'950	12'991	1'500	72'926	5'687	0	1'438	5'989	835'481	
Impact of the application of IAS 19 revised	-13'053								-13'053	
Investments as at 1 January, restated	721'897	12'991	1'500	72'926	5'687	0	1'438	5'989	822'428	
Impact of the application of IFRS 10							-500		-500	
Acquisitions			2'995			4'599	1'088		8'682	
Disposals				-2'583			-1'893		-4'476	
Share of comprehensive income	-4'331								-4'331	
Dividends received	-46'042			-405	-476			-8	-46'931	
Share of results	-109'738	1	-531	1'335	2'055	80	425	-1	-106'374	
Investments as at 31 December	**561'786**	**12'992**	**3'964**	**71'273**	**7'266**	**4'679**	**558**	**5'980**	**668'498**	
2013										
Investments as at 1 January	561'786	12'992	3'964	71'273	7'266	4'679	558	5'980	668'498	
Acquisitions	14'684		1'042				157	960	16'843	
Disposals	-82'476			-791					-83'267	
Share of comprehensive income	9'332					-110			9'222	
Dividends received	-53'819			-405	-297			-13	-54'534	25
Impairments		-12'992			-2'000		-263	-5'642	-20'897	
Share of results	47'036		-1'756	10'433	-1	186	-130	-6	55'762	
Investments as at 31 December	**496'543**	**0**	**3'250**	**80'510**	**4'968**	**4'755**	**322**	**1'279**	**591'627**	

EOS Holding

As at 31 December 2012, SIG held a 23.02% share in EOSH, which holds a 31.38% share in Alpiq. The latter announced in 2012 an impairment of its assets of CHF 1.6 billion which followed a first impairment in 2011. The impact in 2012 of the impairment of Alpiq's assets on SIG's consolidated statement of comprehensive income amounts to MCHF 116, from which the consolidated net result excluding impairment of EOSH and Alpiq in 2012 and the other consolidation items for a total amount of MCHF 6 should be deducted. At the end of 2012, SIG's valuation of Alpiq corresponds to the share of Alpiq's equity indirectly held by SIG.

In 2013, EOSH bought 3.3% of EOSH shares held by SIG at a price set at MCHF 72. The value of the shares sold, in SIG's consolidated financial statements, at the date of the transaction, amounts to MCHF 82. The result of this transaction in SIG's 2013 consolidated net results is a loss on sale of MCHF 10 (see note 6).

In 2013, EOSH redistributed its own shares free of charge to its shareholders. SIG thus received free of charge 0.67% of EOSH's total shares. These free shares are valued in SIG's consolidated financial statements for an amount of MCHF 14.

As at 31 December 2013, SIG holds 20.39% of EOSH's share capital.

In 2013, Alpiq issued a hybrid bond assimilated, within the meaning of the IFRS, to a capital increase. EOSH subscribed to this hybrid bond and, indirectly through its investment in EOSH, SIG did not participate. Due to the consolidation effect, Alpiq's hybrid bond assimilated to a capital increase entails a profit of MCHF 49 in SIG's statement of comprehensive income.

11. Financial assets

	2013	2012	Note
Receivables	**50'720**	**72'306**	
Receivables from CERN	35'362	37'920	
Receivables from wind project companies	15'000	32'089	25
Other financial receivables	358	2'297	
Derivatives	**751**	**3'711**	
Derivatives	751	3'711	31
FMHL financial option	0	0	26
Unconsolidated equity securities	**221'826**	**293'676**	25
Prepayments to EnBW	**55'509**	**54'764**	
Total financial assets and prepayments	**328'806**	**424'457**	

Receivables from CERN

SIG is contractually obliged to supply cooling and drinking water to the European Organization for Nuclear Research (CERN). In this context, it has developed, built and placed in service the necessary facilities.

The receivables from CERN include facilities which have been sold to the latter and CERN's participation in facilities which have remained the property of SIG.

The receivables from CERN are discounted. An annual interest is recognised in finance income.

Receivables from wind project companies

These receivables are from companies included in SIG's scope of consolidation and active in the area of electrical energy from wind farms. They were impaired in 2013 (see note 25).

Unconsolidated equity securities

In 2011, SIG invested MCHF 291 in the share capital of EnergieDienst Holding, i.e. a 15.05% share.

Other investments include unconsolidated equity securities which are held in the long-term and are related to SIG's activities. They help to develop business and sales relationships.

The carrying amount of these investments is representative of their value in use. Indeed, either SIG's investment is not economically significant or the evolution of the market in which the companies are active implies that subjective valuation elements are predominant. Furthermore, a valuation based solely on equity would be inappropriate.

Prepayment to EnBW

The prepayment to Energie Baden-Württemberg results from operations relative to the acquisition from the latter of the shares of EnergieDienst Holding.

12. Inventories and work in progress

Inventories	2013	2012
Total inventories	**23'090**	**24'498**
Equipment allocated to construction	10'636	11'260
Equipment allocated to operation	15'990	16'230
Provision for obsolete inventory	-3'536	-2'992
Total work in progress	**4'490**	**5'331**
Total inventories and work in progress	**27'580**	**29'829**
Anticipated payments received from construction projects	9'613	9'972
Sales recognised as revenues from the period	29'080	32'196

Inventories allocated to construction are used for SIG's own construction as well as for work in progress. Work in progress includes services to be invoiced to third parties.

Anticipated payments received from construction projects are presented in the revenues from future periods in "Other financial liabilities and accrued expenses" (see note 24).

Provision for obsolete inventory

The movement of the provision for obsolete inventory is as follows :

	2013	2012
Obsolete inventory as at 1 January	**2'992**	**3'009**
Reversal		-17
Use	-16	
Addition	560	
Obsolete inventory as at 31 December	**3'536**	**2'992**

Inventories recognised under losses in 2013 amount to KCHF 591 (KCHF 252 in 2012).

13. Trade receivables from supplies and services

	2013	2012
Customers	192'201	205'690
Customers associates and joint ventures	2'318	1'790
Allowance for doubtful accounts	-1'898	-2'055
Total trade receivables from supplies and services	**192'621**	**205'425**

Customers

Consumption to be invoiced

The "Customers" item includes consumption to be invoiced for an estimated amount of KCHF 100'836 for 2013 (KCHF 100'583 for 2012).

This includes revenues from drinking water, gas and electricity supplied to and consumed by customers up until the end of the accounting period as well as revenues from waste recovery and wastewater treatment, all of which have not yet been invoiced.

Customer guarantees

Part of the invoices sent to our customers is guaranteed by security deposits and bank guarantees in our favour :

	2013	2012
Security deposits	4'005	6'536
Bank guarantees in our favour	57	57

Security deposits are presented under "Financial liabilities and other obligations" (see note 22).

Amortised cost

The amortised cost of trade receivables from supplies and services corresponds to their nominal value.

Allowance for doubtful accounts

The movement of the allowance for doubtful accounts is as follows :

	2013	2012
Doubtful accounts as at 1 January	2'055	2'022
Addition	333	504
Use	-490	-471
Doubtful accounts as at 31 December	**1'898**	**2'055**

Overdue receivable balances which have not been provided for are considered to be recoverable.

Losses on trade receivables for 2013 amount to KCHF 1'188 (KCHF 1'266 in 2012).

14. Other financial assets and prepayments

	2013	2012
State and other public authorities		
Current account with the State	7'014	0
Current account with the City	9'644	9'823
Other financial assets		
Energy sales	16'003	22'255
Derivatives (see note 31)	4'888	15'631
Other financial assets due from third parties	4'102	6'474
Other financial assets due from associates and joint ventures	5'932	5'611
Prepayments		
Other prepayments	7'169	5'574
Other prepayments from associates and joint ventures	998	1'464
Total other financial assets and prepayments	**55'750**	**66'832**

15. Cash and cash equivalents

	2013	2012
Cash	181'110	7'055
Short-term investments	5'115	30'739
Cash and cash equivalents	**186'225**	**37'794**
Available lines of credit	105'000	115'000
Amount drawn	0	0

The original of these financial statements is written in French. In case of inconsistencies between the French original and the English translation, the French version shall prevail.

Lines of credit

The level of lines of credit is set on the basis of our requirements and revised periodically with our financial partners.

16. Share capital

Article 3 of the law on the organisation of SIG of 5 October 1973 establishes the amount of share capital, the holders of this capital and their shares as well as the remuneration rate for the share capital, i.e. 5% per year (see note 6).

	2013	2012
State of Geneva	55'000	55'000
City of Geneva	30'000	30'000
Other municipalities of Geneva	15'000	15'000
Total share capital	**100'000**	**100'000**

17. Consolidated reserves

Movements	New construction fund	Insurance fund	General reserve fund	Châtillon site reserve fund	Non allocated reserves	Total
Consolidated reserves as at 31.12.2011, published	**804'643**	**152'571**	**765'705**	**-674**	**670'463**	**2'392'708**
Allocation of the consolidated net results for the previous financial year	74'705			446	-147'717	-72'566
Consolidated reserves as at 01.01.2012, published	**879'348**	**152'571**	**765'705**	**-228**	**522'746**	**2'320'142**
Impact of the application of IAS 19 revised					-13'053	-13'053
Impact of the application of IFRS 10					822	822
Consolidated reserves as at 01.01.2012, restated	**879'348**	**152'571**	**765'705**	**-228**	**510'515**	**2'307'911**
Actuarial gains and losses related to the retirement benefit costs					-512	-512
Share of other comprehensive income of equity-accounted investees					-3'819	-3'819
Reclassification of non allocated reserves	96		4		-100	0
Consolidated reserves as at 31.12.2012, restated	**879'444**	**152'571**	**765'709**	**-228**	**506'084**	**2'303'580**
Allocation of the consolidated net results for the previous financial year	60'788			507	-148'813	-87'518
Consolidated reserves as at 01.01.2013	**940'232**	**152'571**	**765'709**	**279**	**357'271**	**2'216'062**
Actuarial gains and losses related to the retirement benefit costs					5'503	5'503
Share of other comprehensive income of equity-accounted investees					3'736	3'736
Consolidated reserves as at 31.12.2013	**940'232**	**152'571**	**765'709**	**279**	**366'510**	**2'225'301**

The following reserves are mentioned in article 28, paragraph 2 of the law on the organisation of SIG of 5 October 1973 :

New construction fund

The profit from the financial year is allocated to the new construction fund at 30% of new investments for the financial year under consideration.

Insurance fund
The insurance fund is supplied at 15% of the remaining balance of the profit after allocations to the new construction fund.

General reserve fund
The general reserve fund is supplied by the balance of the profit not allocated to the other funds in accordance with the organic law.

Châtillon site reserve fund
The Châtillon site reserve fund includes the accumulated results of the financial years following the transfer of the operation of the Châtillon site to SIG in 2008.

Composition of unallocated reserves

Movements	Hedging reserve of consolidated companies	Dividends received from associates and companies under joint control	Share of accumulated results of associates and companies under joint control	Actuarial gains and losses of equity-accounted investees	Accumulated results of subsidiaries	Other reserves	Total
Unallocated reserves as at 31.12.2011, published	**-15'002**	**-249'875**	**979'447**	**0**	**1'588**	**-45'695**	**670'463**
Contribution in the previous year of consolidated companies		-48'617	-99'070		-30		-147'717
Unallocated reserves as at 01.01.2012, published	**-15'002**	**-298'492**	**880'377**	**0**	**1'558**	**-45'695**	**522'746**
Impact of the application of IAS 19 revised				-13'053			-13'053
Impact of the application of IFRS 10	822	80'217	-85'122		-8'908	13'813	822
Unallocated reserves as at 01.01.2012, restated	**-14'180**	**-218'275**	**795'255**	**-13'053**	**-7'350**	**-31'882**	**510'515**
Share of other comprehensive income of equity-accounted investees	-3'819			-512			-4'331
Reclassification to the new construction fund and to the general reserve fund			-100				-100
Unallocated reserves as at 31.12.2012	**-17'999**	**-218'275**	**795'155**	**-13'565**	**-7'350**	**-31'882**	**506'084**
Contribution in the previous year of consolidated companies		-46'931	-106'374		4'492		-148'813
Unallocated reserves as at 01.01.2013	**-17'999**	**-265'206**	**688'781**	**-13'565**	**-2'858**	**-31'882**	**357'271**
Share of other comprehensive income of equity-accounted investees	3'719			5'503		17	9'239
Reclassification to the new construction fund			661		-661		0
Unallocated reserves as at 31.12.2013	**-14'280**	**-265'206**	**689'442**	**-8'062**	**-3'519**	**-31'865**	**366'510**

18. Third party participation in investments

2012	Land and buildings	Production and distribution facilities	Other property, plant and equipment	Under construction	Total
Gross value as at 1 January	**100'479**	**706'670**	**852**	**6'695**	**814'696**
Additions				25'413	25'413
Placed in service		19'923		-19'923	0
Disposals	-92	-7'226	-16		-7'334
Gross value as at 31 December	**100'387**	**719'367**	**836**	**12'185**	**832'775**
Cumulated amortisation as at 1 January	**-29'188**	**-288'584**	**-650**	**0**	**-318'422**
Amortisation	-1'520	-16'124	-17		-17'661
Disposals	92	4'404	16		4'512
Cumulated amortisation as at 31 December	**-30'616**	**-300'304**	**-651**	**0**	**-331'571**
of which net impairment as at 31 December					*0*
Net book value as at 31 December	**69'771**	**419'063**	**185**	**12'185**	**501'204**
2013					
Gross value as at 1 January	**100'387**	**719'367**	**836**	**12'185**	**832'775**
Additions				38'913	38'913
Placed in service		23'756		-23'756	0
Disposals		-6'387	-64		-6'451
Gross value as at 31 December	**100'387**	**736'736**	**772**	**27'342**	**865'237**
Cumulated amortisation as at 1 January	**-30'616**	**-300'304**	**-651**	**0**	**-331'571**
Amortisation	-1'520	-16'385	-16		-17'921
Disposals		3'817	46		3'863
Cumulated amortisation as at 31 December	**-32'136**	**-312'872**	**-621**	**0**	**-345'629**
of which net impairment as at 31 December					*0*
Net book value as at 31 December	**68'251**	**423'864**	**151**	**27'342**	**519'608**

19. Borrowings

	2013			2012		
	Variable rate	Fixed rate	**Total**	Variable rate	Fixed rate	Total
Non-current borrowings	47'117	470'300	517'417	139'967	460'850	600'817
Current borrowings	112'850	16'550	129'400	12'850	14'850	27'700
Total borrowings	**159'967**	**486'850**	**646'817**	**152'817**	**475'700**	**628'517**

Borrowings are contracted with banking institutions and brokers.

The historical amortised cost established for each borrowing is based on discounted cash flows. The discount rate used corresponds to the original actual interest rate of the financial instrument. The latter amounts to 1.6% in 2013 (1.6% in 2012).

20. Provisions

2012	Control of low-voltage facilities	Renovation of dedicated MV/LV facilities	Closure of the Châtillon site	Employee benefits	Wind commitments	Pension obligation of subsidiaries	Total
Provisions as at 1 January, restated	6'304	10'715	5'448	65'835	0	10'291	98'593
Increase		450	313	4'295			5'058
Change of valuations	-98	851	1'164	654		109	2'680
Impact of the application of IAS 19 revised				4'841			4'841
Use	-895	-685		-3'104			-4'684
Provisions as at 31 December, restated	**5'311**	**11'331**	**6'925**	**72'521**	**0**	**10'400**	**106'488**
2013							
Provisions as at 1 January	5'311	11'331	6'925	72'521	0	10'400	106'488
Increase		443	565	794	30'465		32'267
Change of valuations	-607	-332	204	-56'730		-6	-57'471
Use	-1'031	-268		-2'515			-3'814
Provisions as at 31 December	**3'673**	**11'174**	**7'694**	**14'070**	**30'465**	**10'394**	**77'470**

Maturity of provisions	2013	2012 restated
Non-current	73'618	100'602
Current	3'852	5'886
Total provisions	**77'470**	**106'488**

Control of low-voltage facilities

The provisions of the ordinance on low-voltage facilities (OIBT) regulate the conditions applicable to work on low-voltage electrical facilities and the control of such facilities.

The amount of the obligation recorded on the consolidated statement of financial position represents the estimated financial cost of the controls which were not carried out prior to the entry into force of the OIBT and which must be borne by SIG. The obligation is adjusted each year according to the controls which still have to be carried out.

The execution of the outstanding controls and the obligation in connection with the OIBT will end in 2014.

Renovation of dedicated medium-voltage / low-voltage (MV/LV) facilities

The provisions of the LCart require in particular that free competition be observed. In order to conform to these requirements, SIG transfers ownership of MV/LV transformers dedicated to customers to the latter.

The amount of the obligation recorded on the consolidated statement of financial position represents the estimated renovation costs for the equipment which must be paid by SIG at the time of transfer of the transformers. It is adjusted each year according to the number of transformers which still have to be renovated.

The replacement of transformers and the obligation in connection with the renovation of the MV/LV transformers will end in 2045.

Closure of the Châtillon site

The federal law on the protection of the environment (LPE) requires that the operator bear the costs of the closure of the dump and its subsequent monitoring.

The amount of the obligation recorded on the balance sheet represents the estimated cost of the Châtillon site's closure and its subsequent monitoring which must be borne by SIG. It is adjusted each year according to the dumps' level of filling and to the state of progress of the dump's coverage.

The closure of the dump of the Châtillon site will entail expenses until 2022.

Wind commitments

SIG has immediately provisioned certain contractual wind obligations (see note 25).

Pension obligation of subsidiaries

This provision corresponds to the pension obligations of SIG's subsidiaries that are consolidated by full consolidation.

Employee benefits

Bonuses

SIG's staff regulations grants bonuses to employees according to their seniority and upon retirement.

The amount of the obligation recognised on the balance sheet represents the estimated actual cost of bonuses to be paid which must be borne by SIG.

Contribution to retirees' health insurance costs

SIG's staff regulations granted retirees a monthly contribution to health insurance costs.

On 31 January 2013, the Board of Directors voted the cancellation of the contribution to retirees' health insurance costs. The obligation related to the contribution to health insurance costs is thus eliminated as from the end of 2013.

The Board of Directors' decision reduces in 2013 the amount of employee benefits which was recorded under liabilities on SIG's consolidated statement of financial position as at 31 December 2012 by an amount of KCHF 58'151. The latter was valued according to the requirements of IAS 19 revised ("Employee Benefits") and represented the estimated actual cost of the contribution to retirees' health insurance costs which had to be borne by SIG as at 31 December 2012. The last payments made by SIG in 2013 in relation with this contribution reduce by KCHF 1'421 the amount of the residual obligation still to be reversed. The latter amounts to KCHF 56'730.

Determination of obligations in relation to employee benefits

The table below indicates the present value of the obligations in relation to employee benefits.

	2013	2012 restated
Present value of obligations as at 1 January	72'521	65'835
Change in the pension plan	-56'730	
Net cost of services provided	1'003	2'688
Interest cost on present value of obligations	279	1'608
Benefits paid	-2'515	-3'104
Actuarial loss / (gain) resulting from changes in assumptions	-438	5'051
- demographic		
- financial	*-438*	*5'051*
Actuarial loss / (gain) resulting from experience	-50	443
Present value of obligations as at 31 December	**14'070**	**72'521**

The following table shows the structure of the benefits costs recorded in the statement of comprehensive income.

	2013	2012 restated
Cost of services provided	1'003	2'688
Interest cost on present value of obligations	279	1'608
Actuarial loss / (gain) resulting from changes in financial assumptions	-124	218
Actuarial loss / (gain) resulting from experience	225	178
Change in the pension plan	-56'730	
Cost / (revenue) related to employee benefits recorded in the net statement of income	**-55'347**	**4'692**
Actuarial loss / (gain) resulting from changes in demographic assumptions		
Actuarial loss / (gain) resulting from changes in financial assumptions	-314	4'834
Actuarial loss / (gain) resulting from experience	-275	264
Change in employee benefits recorded in other comprehensive income	**-589**	**5'098**
Change in employee benefits recorded in the statement of comprehensive income	**-55'936**	**9'790**

Main actuarial assumptions in relation to employee benefits

The main actuarial assumptions used to estimate the obligations in relation to employee benefits are identical to those used to estimate the pension obligations (see note 21).

Employer contribution in relation to employee benefits expected for 2014

On the basis of the contributions actually paid in 2013, we estimate that employer contributions for the 2014 financial year will amount to KCHF 1'092 (KCHF 2'985 in 2013).

21. Pension obligations

SIG's active and retired personnel are affiliated to the personnel insurance fund (Caisse d'Assurance du Personnel, CAP) through SIG's internal pension fund (Caisse de Prévoyance Interne SIG, CPI SIG).

Pension plan

SIG's personnel benefit from a defined benefit pension plan whose objective is to reach a maximal pension annuity corresponding to 70% of the last insured salary. The retirement age is 64 and the normal affiliation duration is 40 years.

No other benefit is planned for employees of SIG following the end of their employment.

Change in SIG's pension plan and recapitalization of the CPI SIG

Change in the pension plan

On 19 March 2013, SIG's Board of Directors approved the change of SIG's pension plan. The main changes are as follows:

- Increase of the retirement age from 62 to 64;
- Reduction of the annual annuity rate from 2% to 1.75%;
- Increase of the affiliation duration necessary in order to obtain the maximal retirement right from 35 to 40 years.

The change in the CPI SIG's pension plan reduces in 2013 the pension obligation recorded under the liabilities of SIG's consolidated statement of financial position by KCHF 39'921.

On 26 July 2012, the Council of State had also approved the change of SIG's pension plan consisting in adding 26% of the 13th monthly salary in the calculation of the salary insured with the CPI SIG.

The change in the CPI SIG's pension plan increases in 2012 the pension obligation recorded under the liabilities of SIG's consolidated statement of financial position by KCHF 22'045.

Recapitalisation

On 19 March 2013, SIG's Board of Directors approved the CPI SIG's recapitalization plan based on active staff, retirees as well as assets and liabilities as at 31 December 2011. SIG's additional contribution to the CPI SIG's assets and liabilities of MCHF 489 will allow to increase the latter's coverage rate to 100% (MCHF 286) and to increase the fluctuation reserves (MCHF 203). It will be updated as at 31 December 2013.

The payment of SIG's additional contribution will be spread over several years. The CPI SIG's assets and liabilities will increase with each contribution.

Changes in the CAP's organization

On 28 June 2013, the Grand Conseil of Geneva adopted the draft law 11171-A creating the CAP foundation (Fondation CAP). The CAP was reorganized into an umbrella body and several distinct pension funds (CPI) for each employer concerned.

Organization and governance

The CAP is a public intercommunal pension foundation created by the law of the Grand Conseil de la République et canton de Genève with equity amounting to KCHF 100. It aims to insure the occupational benefits of the personnel of the City of Geneva, of SIG and of the affiliated municipalities against the economic consequences resulting from old age, death and invalidity. It applies the federal legislation on occupational benefits due to old age, death and invalidity, in the context of its statutes and regulations.

The CAP's supreme joint body is the Foundation Board (Conseil de Fondation). It deliberates when the majority of members is present and makes it decisions at the majority of votes of members present. It ensures the general management of the pension institution, ensures the execution of its legal tasks and determines its strategic objectives and principles as well as the means to implement them. It defines the organization of the pension institution, ensures its financial stability and supervises its management.

The Council of Foundation constitutes CPIs and defines the scope of employers that are affiliated to them. The CPIs have their own pension regulations and internal accounts.

The CPI SIG aims to insure the occupational benefits of SIG's personnel against the economic consequences resulting from old age, death and invalidity. It is headed by a Management Committee (Comité de Gestion) comprising an equal number of representatives of the employers and of the insured staff. The Management Committee's main prerogatives are as follows:

- rule on the regulations of the CPI SIG Foundation;
- chose the pension scheme and/or contributions;
- decide on the strategic allocation of assets and liabilities;
- decide on the adoption of reorganization measures.

Assets and liabilities

The CPI SIG's resources are mainly fuelled by the ordinary contributions, which amount to 24% of the insured annual salary and of which one third is paid by the insured active staff and two thirds are paid by the employer, as well as by the return on assets and liabilities.

The Foundation's assets and liabilities comprise its own administrative assets and liabilities as well as the CPIs' consolidated common assets and liabilities. Each CPI owns a share of the common – movable and immovable – assets and liabilities. The Foundation's assets and liabilities are invested, according to the federal legislation on occupational benefits, in order to guarantee investment security as well as to obtain a reasonable return, an appropriate allocation of risks and the coverage of foreseeable cash needs.

The CAP invests mainly in rental property held directly or through real estate funds or property investment foundations. Property is recorded in the balance sheet at the fair value determined by the CAP using the future discounted cash flows method. An external second expert opinion on the valuation of real estate is provided at least every three years.

The CAP invests in equity securities which are listed on a stock exchange or on an organized market. The fair value of equity securities is based on the market prices at the closing date.

The CAP invests in bonds whose rating must be at least "A" or equivalent. The bonds' fair value is based on the market prices at the closing date.

Investments in property belong to the financial instruments' level 3 and investments in equity securities and bonds belong to the financial instruments' level 1.

The table below shows the allocation of the CPI SIG's assets and liabilities between the various asset categories.

	2013		2012	
Listed obligations and loans	108'653	11.10%	104'777	11.50%
Listed shares	372'944	38.10%	384'486	42.20%
Buildings	377'838	38.60%	371'731	40.80%
Other	119'420	12.20%	50'111	5.50%
Total structure of the pension plan's assets	**978'855**	**100.00%**	**911'105**	**100.00%**

SIG does not hold any part of the pension fund's assets and liabilities and does not occupy any building which belongs to the fund.

Determination of the obligation

The tables below indicate the present value of the obligations and the fair value of assets and liabilities at the end of the financial year.

	2013	2012 restated
Present value of obligations	1'704'223	1'835'090
Fair value of assets and liabilities	-978'855	-911'105
Obligation recorded as liabilities on the consolidated statement of financial position as at 31 December	**725'368**	**923'985**

	2013	2012 restated
Present value of obligations as at 1 January	1'835'090	1'657'834
Change in the pension scheme	-39'921	22'045
Net cost of service provided	39'603	34'163
Employee contributions	11'378	11'460
Interest cost on present value of obligations	36'081	40'721
Benefits paid	-63'377	-62'137
Actuarial loss / (gain) resulting from changes in assumptions	-104'737	133'577
- demographic		
- financial	*-104'737*	*133'577*
Actuarial loss / (gain) resulting from experience	-9'894	-2'573
Present value of obligations as at 31 December	**1'704'223**	**1'835'090**

	2013	2012 restated
Fair value of assets and liabilities as at 1 January	911'105	860'283
Expected return on plan assets	17'227	20'500
Employer contribution	24'333	24'438
Employee contributions	11'378	11'460
Benefits paid	-63'377	-62'137
Gain / (loss) on assets and liabilities resulting from experience	78'189	56'561
Fair value of assets and liabilities as at 31 December	**978'855**	**911'105**

The actual return on plan assets during the 2013 financial year was KCHF 96'146 (KCHF 77'061 for 2012), which corresponds to an average rate of 10.7% (9.10% in 2012).

Changes in the obligation recorded on the consolidated statement of financial position

The following table shows the evolution of the obligation recorded on the balance sheet during the financial year.

	2013	2012 restated
Obligation recorded as liabilities on the consolidated statement of financial position as at 1 January	923'985	797'551
Benefits costs recorded in the net statement of income	18'536	76'429
Change in benefits recorded in other comprehensive income	-192'820	74'443
Employer contribution during the financial year	-24'333	-24'438
Obligation recorded as liabilities on the consolidated statement of financial position as at 31 December	**725'368**	**923'985**

Structure of benefits costs of the financial year

The following table shows the structure of the benefits costs recorded in the consolidated statement of comprehensive income.

	2013	2012 restated
Net cost of services provided	51’711	46’349
Interest cost on present value of obligations	36’081	40’721
Expected return on plan assets	-17’957	-21’226
Employee contributions	-11’378	-11’460
Change in the pension plan	-39’921	22’045
Cost of benefits recorded in the net statement of income	**18’536**	**76’429**
Actuarial loss / (gain) resulting from changes in demographic assumptions		
Actuarial loss / (gain) resulting from changes in financial assumptions	-104’737	133’577
Actuarial loss / (gain) resulting from experience	-9’894	-2’573
Loss / (gain) on assets and liabilities resulting from experience	-78’189	-56’561
Change in benefits recorded in other comprehensive income	**-192’820**	**74’443**
Change in benefits recorded in the comprehensive statement of income	**-174’284**	**150’872**

Actuarial assumptions

The main actuarial assumptions used to estimate the pension obligations are :

	2013	2012
Discount rate	2.35%	2.0%
Future salary increases	1.5%	1.5%
Future increases in retirement benefits	0.5%	0.5%

The other actuarial assumptions include in particular the following :

	2013	2012
Remaining length of employment	12.3	12.5
Retirement age	according to experience	according to experience
Life expectancy of active staff at retirement		
- men	*23.6*	*23.5*
- women	*26.4*	*26.3*
Life expectancy of retirees		
- men	*21.8*	*21.7*
- women	*24.7*	*24.6*

Actuarial risk

The CPI SIG’s pension scheme exposes SIG to actuarial risks, in particular the longevity risk and the market risk.

Employer contribution expected for 2014

On the basis of the contributions actually paid in 2013, we estimate that employer contributions for the 2014 financial year will amount to KCHF 32’920 (KCHF 24’749 in 2013).

Average duration of the obligation

As at 31 December 2013, the weighted average duration of the obligation is 17 years (18 years in 2012).

Sensitivity to assumptions

A sensitivity analysis is carried out for the main assumptions used in order to determine the pension obligation recorded on the consolidated statement of financial position at the closing date.

A reasonable variation of the discount rate, of the future salary increases and of the pension benefits is applied individually to the pension obligation recorded on the consolidated statement of financial position as at 31 December 2013, all other variables being constant.

Sensitivity to the main assumptions

2013	Variation of the		Proportion of the variation		Change in the pension obligation
Discount rate					
	discount rate	↗	0.5%	↘	7.6%
	discount rate	↘	0.5%	↗	8.7%
Future salary increases					
	future salary increases	↗	0.5%	↗	2.0%
	future salary increases	↘	0.5%	↘	1.9%
Future pension benefits increases					
	future pension benefits increases	↗	0.5%	↗	6.2%
	future pension benefits increases	↘	0.5%	↘	5.6%

22. Financial liabilities and other obligations

	2013	2012 restated
Multi-annual equalisation fund	55'043	49'813
Revenues from future periods	10'571	9'044
Security deposits customers (see note 13)	4'185	6'717
Derivatives (see note 31)	1'322	3'181
Benefit fund in case of death	310	418
Patronage fund	446	534
New and renewable energy fund (COGENER)	824	618
Environmental fund (COGEFE)	404	593
Total financial liabilities and other obligations	**73'105**	**70'918**

Multi-annual equalisation fund

The difference between advances received from customers and the maximum revenue subject to the regulations set by the Swiss Federal Electricity Commission (ElCom), its supply and the corresponding taxes is deferred. It is recorded as revenues in the following periods during which price reductions intended to reimburse the overcharge are granted to customers for the quantities consumed.

Multi-annual equalisation fund maturities	2013	2012 restated
Non-current	15'336	43'116
Current	39'707	6'697
Total multi-annual equalisation fund	**55'043**	**49'813**

Revenues from future periods

Telecom services generally include operating leases. Therefore the amount of rent is recorded under revenues, regardless of the type of payment selected by the customer.

In the case of single or regular payments made over a different duration than that of the contract providing the facilities, the amounts received in advance are recorded as liabilities on the consolidated statement of financial position under "Financial liabilities and other obligations" as deferred revenues which are called Revenues from future periods.

They are then spread over all of the periods covered by the lease on a systematic and rational basis which reflects a constant periodic return rate on the balance of the amount received in advance.

Benefit fund in case of death

The aim of the benefit fund in case of death is to provide immediate financial aid to the spouse and parents of an active employee whose death deprives them of support.

Patronage fund

The patronage fund is intended to provide funds in the cultural and humanitarian field.

New and renewable energy fund (COGENER)

The new and renewable energy fund is intended to finance the development of new renewable energies through a voluntary contribution by SIG.

Environmental fund (COGEFE)

The environmental fund is intended to finance ecological improvement measures in and around the harbour and catchment basin of the Rhone river in the Geneva area.

23. Trade payables

	2013	2012 restated
Third party trade payables	68’967	74’789
Trade payables associates or joint ventures	49’052	45’435
Total trade payables	**118’019**	**120’224**

Amortised cost

The amortised cost of trade payables corresponds to its nominal value.

24. Other financial liabilities and accrued expenses

State and other public authorities	2013	2012 restated
Charges for use of public domain in favour of the State	8'203	64'939
Charges for use of public domain in favour of other public authorities	24'608	24'352
Current account with the State	0	228
Other debts towards public authorities	1'888	2'205
Other financial liabilities		
Energy purchases	26'463	29'668
Energy purchases from associates or joint ventures	11'199	14'782
Derivatives (see note 31)	1'535	12'457
Revenues from future periods	12'601	14'041
Other financial liabilities due to third parties	16'653	18'683
Accrued interests on borrowings	132	141
Accrued expenses		
Deferred remuneration	12'050	12'062
Performance bonus (see note 4)	7'188	8'048
Other accrued expenses and deferred income	30'310	37'802
Other accrued expenses and deferred income with associates and joint ventures	1'538	1'063
Total other financial liabilities and accrued expenses	**154'368**	**240'471**

Revenues from future periods Revenues from future periods concern anticipated payments received from construction contracts (see note 12).

Deferred remuneration Deferred remuneration represents the estimated cost of untaken extra hours and holidays which will be taken the following year by the employees concerned.

25. Impairments

Impairments of property, plant and equipment

Fiber to the home (FTTH) SIG is constructing a fiber-optic network in order to give access to all ultra high-speed services to the greatest number of consumers in the canton of Geneva (see note 8).

Impairments of unconsolidated and consolidated financial assets

EnergieDienst Holding (EDH) In 2011, SIG invested MCHF 291 in the share capital of EnergieDienst Holding, i.e. a 15.05% share (see note 11).

Wind partnerships Between 2009 and 2013, SIG invested in several projects aiming to develop wind farms. The wind partnerships with ennova, Swisswinds and the project related to the development of the San Gottardo wind park were materialized by investments in the share capital of companies as well as by the granting of loans (see notes 10 and 11).

Swisspower Energy SIG holds a 29.86% share in the share capital of Swisspower Energy SA, a company active in the distribution of energies and providing corresponding services (see note 10).

The following table shows the investments which were impaired by SIG in 2013, the provisions for contractual wind obligations and the main assumptions used.

Investment	Impairment amount in MCHF	Impairment indicator	Weighed average capital cost (WACC)	Note
FTTH	45	New information on financial projections and technical data	6%	5, 8
EDH	70	Recurring downward evolution of electrical energy market prices	6%	6, 11
ennova joint arrangement	23	New information on project technical data	8%	6, 10, 11
Swisswinds joint arrangement	16			
Parco eolico del San Gottardo	2	New information on project technical data	7%	
Swisspower Energy	2	New information on the activity of Swisspower Energy	6%	10
Provision for wind commitments	30	New information on project technical data and contractual elements	8%	4, 20, 27
Total	**188**			

The values in use were obtained using the method of the discounted future cash flows. These calculations include in particular the use of the following elements:

- the most recent technical and financial data available: FTTH, ennova partnership, Swisswinds partnership, Parco eolico del San Gottardo;
- the medium-term financial forecasts: EDH, Swisspower Energy.

26. Relations with related parties

SIG's relations with related parties are indicated and highlighted in all the applicable sections of the financial statements.

Subsidiaries, joint ventures, joint operations and associates

Most transactions with related parties occur in the context of energy purchases for resale (see note 3). The prices are fixed by contract (see note 27).

Purchase right

In the context of the contracts with the EOS Holding Group, SIG has the possibility to purchase a fixed maximum annual amount of electricity from EOS SA until 31 December 2030, at a price equivalent to the mean production cost of EOS SA. The accumulated difference during the period given between the mean sales price of EOS SA and its mean production cost for the quantities purchased by SIG may not exceed a mutually agreed maximum limit.

This supply possibility is considered to be a right to purchase which begins when it is exercised and expires only upon delivery of electricity.

The exercise of this right to purchase on the part of SIG depends on market conditions. Therefore, this right only impacts the consolidated statement of comprehensive income when it is exercised.

FMHL financial option

The EOS Holding Group has ceded to SIG in compensation for the important efforts made a right of collection of power from its share in the production of Forces Motrices Hongrin-Léman SA (FMHL).

This right allows SIG to acquire a predefined quantity of energy at the cost of production or to receive its financial equivalent.

The estimated value of the option for a 5-year period is KCHF 0 in 2013 (KCHF 0 for 2012).

The FMHL financial option is presented with the financial assets (see note 11).

Companies active in the field of electrical energy from wind farms

In 2009, SIG invested in companies active in the field of electrical energy from wind farms. Loan contracts in favour of these companies were also entered into. The maximum amount that the latter may borrow in the context of this financing is KCHF 51'086, on the basis of predefined realisation criteria. As at 31 December 2013, the sum of paid advances is KCHF 45'878 (KCHF 41'101 as at 31 December 2012).

Short-term financing operation

Short-term financing operations are sometimes carried out between related parties in order to optimise their respective cash positions.

Holders of SIG's share capital

Charges and discounts

Different laws set the amounts of charges and discounts which SIG must pay to the State, the City and the Municipalities (see note 7).

Interest on share capital

The law on the organisation of SIG of 5 October 1973 states that a set annual interest corresponding to 5% of the share capital must be paid to the holders of this capital (see note 6).

Transactions with the holders of SIG's share capital

SIG does not influence and is not under the influence of the companies on which holders of SIG's share capital exercise control, joint control or significant influence.

Any transactions relating to the provision of energies and services by SIG to holders of the share capital and companies on which they exercise control, joint control or significant influence are carried out according to the usual conditions and terms of sale.

Transactions with the holders of SIG's share capital are shown under "Charges to public authorities" (see note 7), "Other financial assets and prepayments" (see note 14) and "Other financial liabilities and accrued expenses" (see note 24).

Sales to related parties under the control, the joint control or the significant influence of the holders of SIG's share capital amount to KCHF 84'054 in 2013 (KCHF 83'657 in 2012). Receivables outstanding as at 31 December 2013 amount to KCHF 4'564 (KCHF 16'420 as at 31 December 2012).

Top management

The list of the members of Management and of the Board of Directors is included in the report on sustainable development.

Board of Directors and Management remuneration

The remuneration of the Board of Directors and of Management is set by private law employment contracts or by public law statutory conditions.

The below table shows the remuneration, the benefits subsequent to employment and the compensation for membership of Board of Directors of subsidiaries, joint ventures, joint operations and associates of SIG, provided to the 23 members of the Board of Directors and to the 8 members of Management.

	2013		2012	
	Board of Directors	Management	Board of Directors	Management
Remuneration	660	2'618	723	2'324
Benefits subsequent to employment		296		303
Compensation for membership of Board of Directors of subsidiaries, associates and companies under joint control of SIG	152		142	

Benefits subsequent to employment within Management

Benefits subsequent to employment (retirement benefits) for members of Management are calculated according to the rules which apply to all SIG employees.

Transactions with top Management

Any transactions relating to the products and services of SIG with its top Management and any other party through the latter are carried out according to the usual conditions and terms for sales.

Loans to top Management

No individual loans are granted to members of top Management.

27. Obligations

Obligations to companies active in the wind electrical energy sector

In the context of the development of its wind activities, SIG has committed to pay to its partners, once the construction permit is obtained, an amount related to development costs. Part of this obligation was provisioned in 2013 for an amount of MCHF 30 (see note 25).

Obligations to Gaznat

In the context of the capital increase of Gaznat in 1993, SIG agreed to grant this company a subordinated loan in the value of KCHF 6'591. This loan will be paid upon request by Gaznat.

Energy purchase contracts

SIG is contractually obligated to purchase electrical energy, under defined conditions, from its investments (SFMCP and the EOS Holding group) and third parties.

SIG contractually committed to purchase gas, under defined conditions, from its investment Gaznat.

The contractual details for the calculation of the purchase prices aim to ensure the financial stability of its partners and optimal management of the electricity and gas supply.

Guarantee ISDS Oulens

SIG has an investment in ISDS Oulens, whose objective is to operate a storage facility for stabilised waste.

In relation with this investment, a simple guarantee for the amount of KCHF 3'021 has been subscribed by the State of Geneva as a guarantee for the repayment of the credit received by ISDS Oulens SA from the lender.

Obligation in favour of Cadiom

In order to complete the financing of the construction of its long distance heating network, Cadiom received a bank loan.

In 2006, all the shareholders of Cadiom pledged their shares as security to the banking institution which granted the loan.

In 2013, SIG granted to Cadiom a credit limit of KCHF 7'000. This credit limit had not been used as at 31 December 2013.

28. Impact of the new laws on the financial statements

Energy Strategy 2050 of the Swiss Confederation

Since the earthquake and the tsunami which hit Japan on 11 March 2011 and the decision of the Federal Council and the Parliament to phase out nuclear power progressively, the Swiss Confederation has initiated work aiming to adopt a new energy strategy for the country. In 2013, following consultations, the Federal Council addressed to the Parliament the “Message relatif au premier paquet de mesures de la Stratégie énergétique 2050 (Révision du droit de l’énergie)”. The draft law comprises measures aiming to ensure rational use of energy and to increase the use of renewable energies. It forbids any change or construction of nuclear plants. The Federal Parliament has started its work which will last until 2015 in view of a possible entry into force of the new legislation in 2016.

Bilateral agreement on electricity between Switzerland and the EU

The negotiations between the European Union and Switzerland in view of the signing of a bilateral agreement in the field of electricity were due to end in 2014 and the agreement was due to be presented to Parliament during the same year for ratification. Following the acceptance of the federal popular initiative “Against mass immigration” in February 2014, this process will have to be redefined.

Opening of the electricity market

The federal law on the supply of electricity (LApEl), which has been in force since 2009, aims to create the proper conditions to ensure safe electricity supply as well as an electricity market focused on competition. It also establishes the general conditions to guarantee a reliable supply to all parts of the country in accordance with the principles of sustainable development as well as to maintain and reinforce the competitiveness of the Swiss electricity sector on the international stage.

During the first phase of the opening of this market initially planned for the period from 2009 to 2013, only the customers who own sites consuming more than 100,000 kWh per year may opt for the provider of their choice. In SIG's area of supply, this potentially applies to approximately 1% of the sites and represents nearly half the electricity consumed in the canton.

The Federal Council wishes to put in consultation in 2014 a project providing for the opening of the electricity market for all consumers. The parliamentary debates should end in 2016 in view of a possible entry into force in 2018.

Both for the Federal Council and a majority of members of the Federal Parliament, electricity prices for small consumers, which are currently “captive”, in “guaranteed supply” should be based on market prices.

Electricity networks

The payable remuneration, which is attributable to network prices, of capital invested in the operation of electricity networks (WACC) is adjusted each year by the Federal Council according to defined parameters. In 2013, the Federal Council increased to 4.70% the WACC applicable to the prices for 2014, pursuant to a new method adopted with the revision of the Ordinance on the supply of electricity (OApEl). In 2013, according to the old method, this rate amounted to 3.83%, or even to 2.83%, in application for the last time of a transitional provision, the criterion of the year of first commissioning of network assets.

In 2014, Swissgrid prices for the use of the transport network and ancillary services will increase significantly. These increases result mainly from:

- the WACC increase decided by the Federal Council;
- the increase of Swissgrid's capital need in order to finance the modernization and extension of the transport network;
- the impact of judicial decisions, in particular the repayment by Swissgrid of the cost of ancillary services billed in 2009 and 2010 with no legal base to the operators of electricity plants of at least 50 MW.

In 2013, the Federal Electricity Commission (ElCom) announced the introduction in 2014 of a "Sunshine Regulation": the current "cost plus" regulation will be reinforced with the pressure of comparisons of performance indicators related to various aspects and whose publication, probably in 2016, will allow the interested public to compare distribution network operators.

Renewable energies

At the beginning of 2014, following changes decided by the Federal Council, the cost-covering remuneration rates of photovoltaic installations will decrease again based on the evolution of reference costs. The period of application will be reduced from 25 to 20 years.

At the beginning of 2014, the cost-covering remuneration rates of wind installations as well as their period of application will remain unchanged. From an altitude of 1'700 meters, new installations will newly be able to benefit from a bonus of 2.5 ct./kWh.

Following a parliamentary initiative, the federal law on energy (LEne) has been revised. In 2014, this revision will introduce in particular:

- the possibility for the producer to consume the electricity it produces on site, called "own consumption system";
- a unique compensation amount paid to the investor for photovoltaic installations which produce less than 30 kW, instead of a cost-covering remuneration amount paid over a period of time.

In 2014, the Federal Council will increase from 1 ct./kWh to 1.5 ct./kWh the maximum federal network supplement amount for renewable energies and the protection of waters; the supplement actually collected will amount to 0.6 ct./kWh. The federal supplement is collected by Swissgrid from the distribution network operators (GRD), which pass them on to the end customers.

Opening of the natural gas market

Since 2012, the opening of the Swiss gas market was materialised by the signing of an agreement between the gas sector (ASIG) and industrial consumers. This agreement allows large industrial consumers to procure gas from third party suppliers whilst using the local transport and distribution network against payment. The Competition Commission (COMCO) having considered that certain elements of this agreement could be in contradiction with antitrust law, the Swiss Confederation will propose shortly a specific legal base offering increased legal security to stakeholders.

Climate policy

In 2012, the CO2 emissions exceeded by 79% the CO2 emissions in 1990. In 2014, pursuant to the new federal law on CO2, the CO2 tax on fuels will increase from CHF 36 to CHF 60 per ton.

Wastewater and drinking water financing

In 2013, the Grand Conseil of Geneva adopted a project aiming to change the cantonal law on water by establishing a new wastewater pricing method. This new pricing method will enter into force on 1 January 2015.

A revision of the law on the protection of water concerning the financing of the removal of trace organic compounds (micro-pollutants) in wastewater is currently in deliberation at the Federal Parliament. It should enter into force on 1 January 2015.

Waste recovery

A 5% increase of the waste incineration tax will come into force in 2014. It was adopted by the Conseil d'Etat of Geneva in 2013.

In 2013, the Conseil d'Etat of Geneva also adopted an increase of the price related to the transfer to Cadiom SA of the heat produced by the Cheneviers plant, applicable as from 2013.

Use of the public domain – Annual charges

In 2013, the Federal Tribunal annulled the exceptional increase of the charge for the use of the public domain in favour of the canton of Geneva and which was to be borne by SIG for the 2012, 2013 and 2014 financial years. Changes to the law on the organisation of SIG (LSIG) aiming to increase the compensation paid to the canton and municipalities could be proposed in 2014.

Cantonal energy policy

In 2013, the Conseil d'Etat of Geneva adopted the report on the general energy policy 2005-2009 for the attention of the Grand Conseil of Geneva as well as the draft general energy policy 2013.

29. Allocation of results

Structure of net results

	2013	2012 restated
SIG net results	57'692	61'295
Results of subsidiaries	2'745	4'492
Retreatment of dividends received from equity-accounted investees	-54'534	-46'931
Share of results of equity-accounted investees	34'865	-106'374
Total contribution of consolidated companies	-16'924	-148'813
SIG consolidated net results	**40'768**	**-87'518**
Minority interests	1'145	1'845
Group consolidated net results	**41'913**	**-85'673**

The consolidated net results comprise SIG's net results and the contribution of consolidated companies.

The contribution of consolidated companies represents the impact of the consolidation of investments on the current year's results. It is allocated to the group's reserves.

Allocation of SIG's net results

Article 28 of the law on the organisation of SIG foresees the allocation of SIG's net results in the following order of priority :

- To the new construction fund in the amount of 30% of new investments in the financial year under consideration;
- To the insurance fund in the amount of 15% of the remaining balance until it reaches 10% of the carrying amount of the assets recorded onto the balance sheet;
- The remaining balance to a general reserve fund.

This distribution is calculated after allocation of the net results of the Châtillon site operation to the Châtillon site reserve fund.

The profit of the 2013 financial year will be allocated as follows :

	2013	2012 restated
Châtillon site reserve	528	507
Allocation of SIG's results		
New construction fund	50'845	60'788
Insurance fund	948	
General reserve fund	5'371	
SIG net results	**57'692**	**61'295**
Unallocated reserves	-16'924	-148'813
SIG consolidated net results	**40'768**	**-87'518**
Minority interests	1'145	1'845
Group consolidated net results	**41'913**	**-85'673**

30. Capital management

SIG is committed to a modern and transparent public service. SIG guarantees to its customers a fair price and proposes solutions to improve production and consumption. Sustainable development constitutes SIG's reference basis. It is organised around the systematic deployment of the three dimensions which are economic efficiency, the quality of the social environment and the preservation of the environment.

Concerning the economic dimension, SIG aims to ensure its long-term existence by generating cash and taking out the loans necessary to ensure the ongoing renewal, reliability and development of public utility infrastructure.

These objectives are materialised by a target ratio of financial independence.

The ratio of financial independence corresponds to the relationship between equity and invested capital. Invested capital is materialised by the sum of equity, non-current accounts payable excluding third party participations in investments and current borrowings, less cash and cash equivalents.

	2013	2012 restated
Ratio of financial independence	0.61	0.52
Invested capital		
Non-current liabilities	1'393'360	1'702'208
Current borrowings	129'400	27'700
Cash and cash equivalents	-186'225	-37'794
Net indebtedness	**1'336'535**	**1'692'114**
Equity	2'115'096	1'869'356
Invested capital	**3'451'631**	**3'561'470**

31. Management of financial risks

Carrying amount and market value of financial assets and liabilities by category

	Fair value		Amortised cost		
2012	Derivatives through equity and the statement of comprehensive income	Available-for-sale financial assets	Loans and receivables	Financial liabilities estimated at their amortised cost	Note
Financial assets and prepayments	3'711		127'070		11
Trade receivables from supplies and services			205'425		13
Other current financial assets	15'631		44'163		14
Cash and cash equivalents			37'794		15
Total value by category	**19'342**	**0**	**414'452**	**0**	
Non-current borrowings				600'817	19
Financial liabilities and other obligations	3'181			65'574	22
Current borrowings				27'700	19
Trade payables				120'224	23
Other current financial liabilities	12'457			169'039	24
Total value by category	**15'638**	**0**	**0**	**983'354**	
2013					
Financial assets and prepayments	751		106'229		11
Trade receivables from supplies and services			192'621		13
Other current financial assets	4'888		42'695		14
Cash and cash equivalents			186'225		15
Total value by category	**5'639**	**0**	**527'770**	**0**	
Non-current borrowings				517'417	19
Financial liabilities and other obligations	1'322			69'799	22
Current borrowings				129'400	19
Trade payables				118'019	23
Other current financial liabilities	1'535			101'747	24
Total value by category	**2'857**	**0**	**0**	**936'382**	

The carrying amount of the financial assets and liabilities corresponds to their market value.

The carrying amount of the available-for-sale financial assets is representative of their value in use.

Fair value of the financial instruments by level

2012	Level 1	Level 2	Level 3	Total
Derivatives (assets)	3'969	15'373		19'342
Derivatives (liabilities)	-3'801	-11'837		-15'638
Total fair value of financial instruments by level	**168**	**3'536**	**0**	**3'704**
2013				
Derivatives (assets)	1'675	3'964		5'639
Derivatives (liabilities)	-1'424	-1'433		-2'857
Total fair value of financial instruments by level	**251**	**2'531**	**0**	**2'782**

Level 1

Level 1 includes forward electricity transactions concluded abroad over the counter or through a broker whose fair value is determined by analogy with similar contracts listed on the German stock market.

Level 2

Level 2 includes forward exchange contracts and exchange options whose fair value corresponds to the sum of the net values of its components determined according to the Black & Scholes model which includes in particular the forward exchange rates at the closing date.

The fair value of the interest rate options corresponds to the sum of the net values of its components determined according to the Black&Scholes model which includes in particular the forward interest rates at the closing date.

The fair value of the interest rate swaps is calculated as being the discounted value of the estimated future cash flows, based in particular on the interest rates at the closing date.

Level 3

Level 3 includes the FMHL option whose fair value is determined by discounting the estimated future cash flows. The forward electricity prices on the German stock market as well as a discount rate are used for this valuation calculation. The estimated value of this option for a 5-year horizon is KCHF 0 in 2013 (KCHF 0 in 2012) (see note 26).

The determination of the fair value implies the use of assumptions and estimates on the future evolution of business which affect the financial statements. The future effective results could differ from these estimates.

Influence of derivatives on the balance sheet

2012	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Net fair value
Total hedging instruments of cash flow through equity	0	0	0	1’533	0	1’533	-1’533
Total derivatives at fair value through the statement of comprehensive income	3’711	15’631	19’342	1’648	12’457	14’105	5’237
Total derivatives	**3’711**	**15’631**	**19’342**	**3’181**	**12’457**	**15’638**	**3’704**
2013							
Total hedging instruments of cash flow through equity	0	0	0	836	33	869	-869
Total derivatives at fair value through the statement of comprehensive income	751	4’888	5’639	486	1’502	1’988	3’651
Total derivatives	**751**	**4’888**	**5’639**	**1’322**	**1’535**	**2’857**	**2’782**

The interest and exchange derivatives have been contracted with the aim of being held to maturity.

The net fair value of derivatives valued on the balance sheet represents the potential gain or loss on these contracts, assuming that no change occurs on the market between the balance sheet closing date and the maturity date.

Influence of financial assets and liabilities on results

	Fair value		Amortised cost		
2012	Derivatives through equity and the statement of comprehensive income	Available-for-sale financial assets	Loans and receivables	Financial liabilities estimated at their amortised cost	Note
Interests				10'303	
Expenses and premiums			626		
(Gains)/losses on financial instruments	195				
Change in fair value	-3'449				
(Gains)/losses on exchange				10'370	
Revenues from investments, equity securities, etc.			-3'114		
Total	**-3'254**	**0**	**-2'488**	**20'673**	
2013					
Interests				9'740	
Expenses and premiums			1'404		
(Gains)/losses on financial instruments	1'279				
Change in fair value	1'589				
(Gains)/losses on exchange				-123	
Discounting of receivables			3'988		
Revenues from investments, equity securities, etc.			-2'561		
Impairment of financial assets			17'919		25
Total	**2'868**	**0**	**20'750**	**9'618**	

Adjustments to the carrying amount at fair value are recorded in the hedging reserve for transactions indicated as hedging operations.

The interest rate differential for hedging financial instruments used for debt management is presented in finance costs and finance income on the statement of comprehensive income, as is the interest charge linked to contracted loans. The price differential for derivatives used for electricity supply management is presented in purchases for resale on the statement of comprehensive income, as are hedged electricity purchases.

Influence of derivatives on hedging reserves

	2013	2012
Hedging reserves as at 1 January	**-1'533**	**-1'678**
Matured hedging instruments		
Value variations	665	669
New hedging instruments		-524
Hedging reserves as at 31 December	**-868**	**-1'533**

Management of financial risks

Managing risks first requires knowledge of the nature of these risks in order to identify them, evaluate them and then reduce their impact by using appropriate instruments and techniques. Monitoring is systematically carried out by the company's management.

In the context of its operational activities and the management of its debt, SIG is exposed to liquidity, credit and market risks (interest rate, exchange rate and price risk).

The new formulation of the "management policy for financial risks" has been approved by the Board of Directors. This policy aims to define the context in which financial management is permitted to manage financial risks. It is complemented by a manual on the management of financial risks which represents its operational part and is updated after each change in the policy.

Risks linked to liquid assets

SIG is structured to borrow capital in the medium and long term. Due to its structure, the company may temporarily find itself in a situation of reduced liquid assets. In order to neutralise this risk, SIG has lines of credit from banking institutions and has access to funds which are available at any time.

Thus, the management policy for SIG's liquid assets consists of guaranteeing the availability of cash necessary for the functioning of the company while optimising the return on these surplus funds. An objective is set regarding the minimum rate of return.

The management of these risks is ensured by investments whose limits on obligations and counterparties are authorised by management.

Contractual maturities of financial liabilities

The maturity analysis highlights the remaining contractual duration of liabilities at the closing date. The amounts stated represent undiscounted contractual cash flows.

2012	Less than one year	From one to two years	From two to five years	More than five years	Total
Current and non-current borrowings and related interests	38'475	133'638	157'857	413'819	743'789
Short and long term derivatives	12'457	1'754	1'427		15'638
Financial liabilities and other obligations	9'387	44'218	3'004	8'966	65'575
Trade payables	120'224				120'224
Other financial liabilities	168'898				168'898
Total contractual maturity of financial liabilities	**349'441**	**179'610**	**162'288**	**422'785**	**1'114'124**
2013					
Current and non-current borrowings and related interests	141'065	64'761	181'050	374'004	760'880
Short and long term derivatives	1'523	159	1'175		2'857
Financial liabilities and other obligations	45'022	16'381	2'887	5'509	69'799
Trade payables	118'019				118'019
Other financial liabilities	101'615				101'615
Total contractual maturity of financial liabilities	**407'244**	**81'301**	**185'112**	**379'513**	**1'053'170**

Credit risks

Part of the credit risk is due to cash investments and to derivatives transactions. These operations are carried out with carefully selected financial institutions. Taking into account the rating of these banking counterparties, management does not anticipate any loss which would result from their failure regarding their contractual obligations.

SIG's activity is also confronted with the possibility of defaults or delays in payments from its debtors. The management of credit risk requires regular and systematic verification of open credits and a periodical analysis of the counterparties' solvency. Overdue accounts payable have been open for over one month. They amount to KCHF 8'953 in 2013 (KCHF 18'860 in 2012). No interest is invoiced on these accounts payable. Management considers that there will be no significant loss linked to payments from debtors.

Furthermore, financial assets are subject to an impairment test.

Exposure to credit risks

	2013	2012
Financial assets and prepayments	106’980	130’781
Trade receivables from supplies and services	192’621	205’425
Other financial assets and prepayments	47’583	59’794
Cash and cash equivalents	186’225	37’794
Total exposure to credit risks	**533’409**	**433’794**

The maximum credit risk corresponds to the carrying amount of the financial assets under consideration.

Market risks

Interest rate risks

With borrowings held at fixed or variable rates, SIG is exposed to capital market interest rate fluctuations.

SIG’s strategy consists of assessing this risk primarily in terms of the reduction in the average cost of the existing debt while ensuring that the variable rate debt does not exceed a defined percentage of the total debt. Management’s aim is established in relation with an actual interest rate.

The management of these risks is ensured by the use of financial instruments whose limits on obligations and counterparties are authorised by management. Management operations linked to interest rate risks may only be carried out on the existing debt.

Exchange risks

Part of the company’s expenditure, primarily purchases of electricity, occurs in EUR. Therefore, there is an exchange risk on the result of these sales transactions which are denominated in a currency other than CHF.

SIG’s strategy aims to minimise the impact of fluctuations in EUR/CHF on financial expenses by using hedging instruments and by following the principle of prudence. An objective is set in relation to a reference exchange rate.

The management of these risks is ensured by using financial instruments whose limits on obligations and counterparties are authorised by management. Short sales are not permitted.

Price risks

The management of price risks is explained in the "Management of risks linked to energy supply" section (see note 3).

Sensitivity analysis

A sensitivity analysis is carried out for financial instruments recorded at the date of closing.

An analysis of the sensitivity to interest risk is carried out annually for financial instruments used in the context of debt management.

An analysis of the sensitivity to exchange risk is carried out annually for financial instruments used in the context of hedging operations for the forward energy purchases and sales abroad and for other balance sheet items for which the underlying currency is other than CHF.

An analysis of the sensitivity to price risk is carried out annually for forward purchases of electricity abroad.

A reasonable variation in interest and exchange rates and in market prices of electricity is applied individually to financial instruments opened on 31 December 2012 and 2013, all other variables being constant.

Sensitivity to risks

	Variation of the		Proportion of the variation		Impact on the net financial expenses		Impact on the hedging reserve
2012							
Interest risk							
	interest rate	↗	0.5%			↗	864
	interest rate	↘	0.5%				
Exchange risk							
	EUR/CHF exchange rate	↗	10 cts	↘	15'586		
	EUR/CHF exchange rate	↘	10 cts	↗	15'709		
Price risk							
	price of electricity	↗	10%				
	price of electricity	↘	10%				
2013							
Interest risk							
	interest rate	↗	0.5%			↗	800
	interest rate	↘	0.5%			↘	
Exchange risk							
	EUR/CHF exchange rate	↗	10 cts	↘	14'272		
	EUR/CHF exchange rate	↘	10 cts	↗	14'460		
Price risk							
	price of electricity	↗	10%				
	price of electricity	↘	10%				

32. Events subsequent to closing

In February 2014, the majority shareholders of ennova SA triggered arbitration proceedings against SIG, demanding MCHF 176 in damages, whose justification and amount are fully contested by SIG.

No other event requiring the presentation of additional information occurred between the closing date and the date at which the financial statements are published.