Services Industriels de Genève

Financial statements 2010

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Audit report

As statutory auditor, we have audited from pages 3 to 62 the accompanying consolidated financial statements of Services Industriels de Genève, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes for the year ended 31 December 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of the 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 de 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, 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

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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 2010 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 de 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, 24 March 2011

KPMG SA

Pierre Henri Pingeon	Damien Bordes
Certified expert auditor	Certified expert auditor
Auditor in Charge	

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Financial statements

as at 31 December 2010

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Consolidated statement of comprehensive income

as at 31 December 2010

		2010	2009 readjusted	Note
	Revenue	1'026'181	1'038'267	3
Revenue		**1'026'181**	**1'038'267**	
	Energy purchases for resale	424'603	391'440	4
	Operating expenses	337'923	327'906	5
	- Personnel expenses	*247'206*	*244'179*	
	- Fees and external mandates	*21'755*	*18'725*	
	- Waste disposal expenses	*12'597*	*15'359*	
	- General operating expenses	*86'500*	*79'718*	
	- Capitalised and stored production	*-30'135*	*-30'075*	
	Pension obligation	28'276	33'459	22
	Depreciation and amortization	110'543	56'269	6
Expenses		**901'345**	**809'074**	
Results from operating activities		**124'836**	**229'193**	
	Finance costs	-15'287	-35'332	7
	Finance income	24'103	6'896	7
	Share of results of equity-accounted companies	68'259	541'073	11
Results before charges		**201'911**	**741'830**	
	Charges to public authorities	77'803	79'982	8
Group net result		**124'108**	**661'848**	
	Revaluation of hedging derivatives	-175	1'519	35
	Share of comprehensive income of companies consolidated by the equity method	-40'027	-267'252	11
Other comprehensive income		**-40'202**	**-265'733**	
Comprehensive income		**83'906**	**396'115**	

The accounting principles described as well as the annexed notes form an integral part of these financial statements.

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Consolidated statement of financial position

as at 31 December 2010

Assets

		2010	2009 readjusted	2008 readjusted	Note
Non-current assets	Property, plant and equipment	2'682'168	2'592'783	2'484'941	9
	Intangible assets	14'245	11'346	10'665	10
	Investments in associates and joint ventures	1'018'786	1'028'899	867'446	11
	Financial assets	76'037	83'457	90'989	12
	Total non-current assets	**3'791'236**	**3'716'485**	**3'454'041**	
Current assets	Inventories and work in progress	31'203	30'013	32'843	13
	Trade receivables from supplies and services	176'772	169'872	176'346	14
	Other financial assets and prepayments	102'175	73'826	75'561	15
	Cash and cash equivalents	174'937	172'305	87'618	16
	Total current assets	**485'087**	**446'016**	**372'368**	
		4'276'323	**4'162'501**	**3'826'409**	

Equity and liabilities

		2010	2009	2008	
Equity	Share capital	100'000	100'000	100'000	17
	Group reserves	2'325'320	1'703'499	1'807'371	18
	Hedging reserve	-905	-730	-2'249	35
	Group net result	124'108	661'848	163'380	32
	Total equity	**2'548'523**	**2'464'617**	**2'068'502**	
Liabilities	**Non-current liabilities**				
	Third party participation in investments	489'981	498'082	495'793	19
	Non-current borrowings	347'667	365'667	409'449	20
	Provisions	43'524	44'760	48'827	21
	Pension obligations	386'135	357'859	324'400	22
	Liabilities towards an associate	0	15'787	21'020	23
	Financial liabilities and other obligations	123'401	87'041	84'916	24
	Total non-current liabilities	1'390'708	1'369'196	1'384'405	
	Current liabilities				
	Current borrowings	18'000	68'000	100'000	20
	Suppliers and creditors	139'426	112'295	134'089	25
	Government and other public authorities	42'234	40'226	37'755	26
	Other financial liabilities and accrued expenses	137'432	108'167	101'658	27
	Total current liabilities	337'092	328'688	373'502	
	Total liabilities	**1'727'800**	**1'697'884**	**1'757'907**	
	Total equity and liabilities	**4'276'323**	**4'162'501**	**3'826'409**	

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Consolidated statement of changes in equity

as at 31 December 2010

	Share capital	Group reserves	Hedging reserve	Net result for the financial year	Total	Note
Balance as at 31.12.2008	100'000	1'483'992	-2'249	154'380	1'736'123	
Impact of adjustment of durations of use		323'379		9'000	332'379	
Balance as at 31.12.2008	100'000	1'807'371	-2'249	163'380	2'068'502	
Allocation of the group net results of the previous financial year		163'380		-163'380	0	
Balance as at 01.01.2009	100'000	1'970'751	-2'249	0	2'068'502	
Other comprehensive income		-267'252	1'519		-265'733	
- Revaluation of hedging derivatives			*1'519*		*1'519*	35
- Share of comprehensive income of companies consolidated by the equity method		*-267'252*			*-267'252*	11
Group net results				661'848	661'848	32
- SIG net results				*233'131*	*233'131*	
- Contribution of consolidated companies				*428'717*	*428'717*	
Balance as at 31.12.2009	**100'000**	**1'703'499**	**-730**	**661'848**	**2'464'617**	
Allocation of the group net results of the previous financial year		661'848		-661'848	0	
Balance as at 01.01.2010	**100'000**	**2'365'347**	**-730**	**0**	**2'464'617**	
Other comprehensive income		-40'027	-175		-40'202	
- Revaluation of hedging derivatives			*-175*		*-175*	35
- Share of comprehensive income of companies consolidated by the equity method		*-40'027*			*-40'027*	11
Group net results				124'109	124'109	32
- SIG net results				*105'445*	*105'445*	
- Contribution of consolidated companies				*18'663*	*18'663*	
Balance as at 31.12.2010	**100'000**	**2'325'320**	**-905**	**124'108**	**2'548'524**	

The accounting principles described as well as the annexed notes form an integral part of these financial statements.

The changes in group reserves are presented in note 18.

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Consolidated statement of cash flows

as at 31 December 2010

			2010	2009	Note
Operating activities	Net results		124'108	661'848	
	Dividends received from equity-accounted companies		49'655	112'608	11
	Non-monetary revenues and expenses				
	Share of results of equity-accounted companies		-68'259	-541'073	11
	Amortisation of fixed assets		110'545	90'194	6
	Reversal of impairment losses		0	-33'925	6
	Change in provisions		27'041	29'392	
	Multi-annual equalisation fund		36'825	32'203	
	Change in fair value of financial instruments and amortised cost of loans		-19'931	18'121	35
	Self-financing capacity	a	259'984	369'368	
	Decrease in operating assets		-4'499	-23'537	
	Increase / (decrease) in operating liabilities		38'248	-16'893	
	Change in net operating assets	b	33'749	-40'430	
	Net cash from operating activities	**c=a+b**	**293'733**	**328'938**	
Investing activities	Investments in property, plant and equipment and intangible assets		-231'855	-182'249	
	Shares in investments		20'925	19'865	19
	Financial contributions to investments		-18'288	-5'736	12
	Long-term loans		-105	-8'841	12
	Repayment of long-term loans		6'222	9'043	12
	Net cash used in investing activities	d	-223'101	-167'918	
	Free cash flow	**e=c+d**	**70'632**	**161'020**	
Financing activities	Increase in borrowings		0	98'334	20
	Repayment of borrowings		-68'000	-174'667	20
	Net cash from financing activities	f	-68'000	-76'333	
Change in cash flow	**Net change in cash**	**g=e+f**	**2'632**	**84'687**	
	Cash at beginning of financial year	h	172'305	87'618	
	Cash at the end of the financial year	**g+h**	**174'937**	**172'305**	

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Accounting principles

as at 31 December 2010

Basic principles

Since 1999, the consolidated financial statements have been established in accordance with the International Financial Reporting Standards (IFRS) (formerly IAS norms) issued by the International Accounting Standards Board (IASB), and in accordance with the interpretations published by the International Financial Reporting Committee (IFRIC).

The accounts have been prepared on the historical costs basis. Therefore, the value allocated to financial statements 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 24 March 2011.

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 hedge 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

SIG has three subsidiaries, eighteen companies under joint control and three associates. The consolidated accounts include SIG's annual accounts and those of the aforementioned companies.

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.

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Subsidiaries

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 are then consolidated by full consolidation. This method consists in replacing the investment´s carrying amount with all of the subsidiary´s assets and liabilities, while distinguishing those 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 recognised at its fair value at the date of the loss of control. The resulting difference is recorded in the consolidated statement of comprehensive income.

Associates

Investments in associates are consolidated according to the equity method. This method is applied to companies in which SIG holds between 20% and 50% of voting rights and over which SIG exercises significant influence without control.

The investment is initially recorded at cost and is then adjusted to take into account changes subsequent to the acquisition of SIG's share in the associate's net assets.

The goodwill identified on acquisition is presented separately on the balance sheet. SIG´s share in the investee´s 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 directly in equity.

Results and equity are recognised on the basis of the accounting principles and methods used by associates. These principles and methods may be different from those used by SIG. In such a case, appropriate adjustments are made to the financial statements of the companies concerned.

Companies under joint control

Companies which are jointly held and managed ("joint ventures") are also consolidated according to the equity method.

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 of the acquisition cost resulting in negative goodwill are reassessed. Any surplus remaining after this operation is recognised in profit or loss.

Fair value

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

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

Financial instruments recorded at their fair value are split into three different levels depending on the method used to determine their fair value.

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

Level 1

The fair value of financial instruments traded on an active market is based on the market prices at the closing date. The market prices used for financial assets held by SIG are the purchase prices applicable at the valuation date.

Level 1 includes forward electricity operations which are conducted abroad over the counter or via a broker, whose fair value is determined by comparison with similar contracts traded on the German stock market.

Level 2

The fair value of financial instruments not traded on an active market is determined by using valuation techniques. SIG relies on different valuation techniques and selects assumptions based on market conditions at the closing date.

The prices paid in recent transactions for similar instruments are used for certain financial instruments.

Level 2 includes forward exchange contracts whose fair value is determined on the basis of forward exchange rates at the closing date.

Level 3

Other techniques, such as discounting of cash flows, are also used in order to determine the fair value of financial instruments.

Level 3 includes the following financial instruments:

The fair value of the FMHL option determined by discounting estimated future cash flows. The forward prices of electricity on the German stock market and a discount rate are used for the valuation calculation.

The fair value of interest rate swaps is calculated as being the discounted value of estimated future cash flows.

The fair value of interest rate options corresponds to the sum of its components' net values determined according to the Black & Scholes model.

The fair value of exchange options is determined by using the Garman & Kohlhagen model.

Property, plant and equipment

Cost elements

The valuation of property, plant and equipment represents the acquisition 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. They are 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 30 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 infinite useful life.

Impairment

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

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Disposal

The profit or loss resulting from the disposal of property, plant and equipment is presented under "Revenues".

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 less the amortisation 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 benefit from these facilities through an investment share. They remain to be 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 expenditure directly associated with 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.

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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 fair value.

The FMHL financial option is measured at fair value.

Receivables from CERN and the State and other 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.

Value adjustments are regularly applied to objects considered to be obsolete.

Work in progress

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 stage of completion method to estimate the appropriate amount recognised in profit or loss during the period. The stage 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.

Expected losses resulting from events occurred after the closing date, regardless of their probability, are not recorded.

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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 is close to the 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 the statement of comprehensive income

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 in the statement of comprehensive income.

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 and then revalued at fair value at each closing date. Profits and losses resulting from changes in fair value are presented directly in equity until they are sold except for long-term impairment losses which are recorded in profit or loss.

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, obligations to Gaznat, suppliers and creditors are included in this category.

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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. Changes in value are presented within equity under "Hedging reserve".
- An instrument that does not meet the hedging criteria according to the standard, but provides effective financial cover. Changes in value are recorded immediately in the financial year's 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 annex.

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; and
- A reliable assessment of the amount of the obligation can be carried out.

The assessment of the amount of the obligation is based on consistently applied financial criteria.

Pension obligations

SIG provides a defined benefit pension plan 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.

Items recognised in the statement of comprehensive income include the accumulated actuarial gains and losses resulting from changes in actuarial assumptions and exceeding 10% of the value of the pension plan's assets or, if the amount is greater, 10% of the present value of the defined benefit obligation. These items are recognised over the expected average remaining working life of the employees concerned.

The obligation determined at the time of the first application of IAS 19 was recorded entirely in the reserves.

Recognition of revenues

Revenues

Sales are recognised upon delivery. 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 regulator's approval. The gain resulting from the difference between the amounts received and the maximum remuneration approved by the regulator is recorded as deferred income in the statement of financial position under "Other 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 balance sheet under "Other 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.

Construction contracts

Significant sales linked to construction contracts exceeding one year are recorded according to the contract's stage of completion.

Telecom advances

Single payments made in advance by customers for the lease of physical information transmission carriers (Telecom) are classified 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;
- 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

The determination of possible long-term impairment of the Cheneviers plant, the primary wastewater sewage network plants and the recharge station for the Genevois area water sheet requires the calculation of their value in use. This is calculated by estimating the anticipated future discounted cash flows resulting from these assets. The estimation of future cash flows linked to the infrastructure is based primarily on the company's business plan.

Management considers that the value of the infrastructure recorded in the financial statements corresponds to its value in use.

The same method is used to estimate the possible long-term impairment of electricity production facilities. In this case, the estimation of the amount of these cash flows is based on the medium-term price of electricity on the Leipzig EEX stock market. The regulation of prices charged for the supply of electricity is also taken into account for the estimation of electricity transport assets. Management considers this approach to be the most appropriate.

On the basis of the above-mentioned information, management considers that the carrying amount of electricity production and distribution facilities is representative of its value in use.

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Financial instruments

In order to estimate financial instruments that are not quoted on the market at fair value (primarily energy contracts), 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.

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.

Retreatment of comparative data

SIG's activities comprise in particular the renewing of property, plant and equipment, on the basis of the renewal policies decided by management. These renewal policies are based on the experience acquired by management regarding the useful life of non-current assets, strategic decisions and statistical information.

The experience observed, in particular concerning the duration of use of production and transport equipment, and the implementation of renewal policies have resulted in significative differences between the economic useful lives and the accounting durations of use of property, plant and equipment. These differences were confirmed by the branches' recommendations regarding the useful lives of property, plant and equipment.

Therefore, the basis on which SIG has historically determined its useful lives was erroneus, since it did not take into account the observed elements mentioned above. In order to ensure the economic relevance of operational expenses in future years, management has changed retroactively the durations of use of property, plant and equipment, according to the provisions of the IAS 8 standard.

This choice implies, according to IAS 1, the presentation of an additional balance sheet at the opening of the comparative financial year.

The available statistical and technological information have resulted in changes to durations of use, as follows:

	Durations of use	
	New	**Previous**
Primary wastewater disposal network collectors	10 to 30 years	70 years
Buildings	10 to 80 years	30 to 50 years
Production equipment	5 to 50 years	10 to 30 years
Transport equipment	20 to 60 years	30 to 50 years
Distribution equipment	20 to 60 years	10 to 30 years
Other property, plant and equipment	4 to 20 years	4 to 10 years

The balance sheets as at 31 December 2008 and 2009, along with the 2008 and 2009 amortisation expenses, have been adjusted accordingly. The impact of these adjustments is detailed below.

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Impact of the retroactive adjustment of the durations of use

	31.12.2008		01.01.2009	2009	2009	2009	31.12.2009
				Annual amortisation			
	Published	Adjustment	Readjusted	Published	Published	Adjustment	Readjusted
Accumulated amortisation of property, plant and equipment	-2'303'562	441'637	-1'861'925	-61'608		14'882	-1'908'651
Accumulated amortisation of third party participations in investments	391'926	-109'258	282'668	21'736		-5'731	298'673
Group reserves	-1'483'992	-323'379	-1'807'371				
Group net results	-154'380	-9'000	-163'380		-652'697	-9'151	-661'848

Other comparative data

Due to the changes made to the useful lives of use of property, plant and equipment, the comparative data have been adjusted. The impact of these adjustments is detailed under the retreatment of comparative data description in the accounting principles.

In 2010, the multi-annual equalisation fund is presented on the line corresponding to financial liabilities and other non-current obligations, its use extending mainly beyond one year. The comparative data have also been retreated.

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.

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 1 "First-time Adoption of International Financial Reporting Standards", amendments to the standard
- IFRS 7 "Financial Instruments: Disclosures", amendment to the standard
- IFRS 9 "Financial Instruments: Classification and Measurement", new standard
- IAS 12 "Income Taxes", amendment to the standard
- IAS 24 "Related Party Disclosures", amendment to the standard
- IAS 32 "Financial Instruments: Presentation", amendment to the standard
- IFRIC 14 "Defined Benefits Assets and Minimum Funding Requirements", new interpretation
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", new interpretation
- Amendments resulting from the IFRS annual improvement programme 2010

Management has decided not to adopt these new standards early.

The potential impact of these new standards is currently being assessed.

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Annexes to the consolidated financial statements

as at 31 December 2010

In the annexed 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.

1. Sector information

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.

SIG is an active partner of federal and cantonal energy policies.

SIG's organisation is structured according to the characteristics of the sectors in which it is active, in particular competitive and monopoly activities, some of which generate pollution for which consumers must bear expenses. When activities have common characteristics and are managed jointly, they are presented together.

SIG's management individually analyses the operating results of the sectors mentioned below. These are monitored on a regular basis in order to evaluate their performance and to decide on the resources to allocate to them.

Monopoly activities

Drinking water

SIG 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.

SIG's activities relating to drinking water are all presented in this sector of activity.

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Wastewater

SIG is 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.

SIG's activities relating to wastewater are all presented in this sector of activity.

Waste recovery

SIG is 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.

SIG's activities relating to waste treatment are all presented in this sector of activity.

The treatment of special waste and the operations of the Châtillon disposal site, which are included in this sector, are not subject to a separate presentation, despite the fact that they are competitive activities, because the activities are similar.

Electricity distribution

SIG 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's activities relating to the transport of electricity are all presented in this sector of activity.

Competitive operations

Natural gas and thermal energy

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

Customers connected to the gas supply are captive because SIG is the only gas provider. This sector is nonetheless considered to be competitive because customers can choose between gas and electricity for their heating needs.

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

SIG's activities relating to natural gas are all presented in this sector of activity.

Thermal energy, which is incorporated in this sector, is not subject to a separate presentation because the economic context and the activities are similar.

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 and le Seujet which ensure the production of hydroelectric energy;
- The photovoltaic panels of SIG Solar which produce solar energy;
- The facilities of the Cheneviers plant which transform the heat from waste treatment into thermal and electrical energy.

SIG's activities relating to the production of electricity are all presented in this sector of activity.

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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.

This activity is competitive since customers may choose their provider for the services desired.

All activities relating to the provision of services is presented in this sector of activity.

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. These activities are not subject to separate presentation within these financial statements as the economic context is similar.

Partially competitive activities

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 GWh/year to choose their provider. As a result, this activity includes captive customers (< 100 GWh/year) and eligible customers (> 100 GWh/year). The latter have either chosen free competition and SIG as supplier, or have not chosen free competition. These three types of customers are, however, grouped within one single activity, as SIG's management does not consider the type of electrical energy sales for analytical purpose.

15% of electricity supply is ensured by the hydroelectric plants (Verbois, Seujet), 3% through the recycling of treated waste (Cheneviers plant), 0.5% from other types of installations (SIG Solar) which are owned by SIG, and 7% through our investment (Société des Forces Motrices de Chancy-Pougny). The 74.5% 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.

Activities relating to the purchase or sale of electricity are all presented in this sector of activity.

Support activities

Other

The "Other" sector represents the infrastructure necessary for the operation of the company, used by other sectors of activity, as well as other revenues and operating costs which cannot be incorporated into a particular sector.

Additional information

Intercompany transfers are invoiced at the same price as external products.

No single SIG customer represents 10% or more of SIG's total revenues.

SIG's management does not analyse its activities according to geographic criteria.

Sector assets represent property, plant and equipment, intangible assets and financial assets. Sector liabilities include third party participations in investments, borrowings, short-term debts and pension obligations.

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2009	Drinking water	Wastewater
External revenues	101'301	73'812
Intercompany transfers	923	297
Sector revenues	**102'224**	**74'109**
Operating results	**28'425**	**17'681**
Finance costs and income		
Share of results of equity-accounted companies		
Charges to public authorities		
Group net results		
Sector assets (excluding investments)	677'864	269'916
- of which net depreciation		
Investments in associates and companies under joint control		
Unallocated assets		
Total consolidated assets		
Sector liabilities	343'795	287'872
Unallocated liabilities		
Total consolidated liabilities		
Investments	24'932	19'941
Customer shares	-5'200	
Amortisation of assets	24'023	10'678
Amortisation of third party participation in investments	-4'358	-2
Depreciation and reversal of impairment losses		
Other non-monetary revenues and expenses		
- pension obligation	*3'403*	*2'170*

2010	Drinking water	Wastewater
External revenues	99'558	74'222
Intercompany transfers	949	494
Sector revenues	**100'507**	**74'716**
Operating results	**28'386**	**14'358**
Net financial revenues		
Share of results of equity-accounted companies		
Charges to public authorities		
Group net results		
Sector assets (excluding investments)	682'346	275'141
- of which net depreciation		
Investments in associates and companies under joint control		
Unallocated assets		
Total consolidated assets		
Sector liabilities	339'177	298'635
Unallocated liabilities		
Total consolidated liabilities		
Investments	27'131	18'645
Customer shares	-4'974	0
Amortisation of assets	22'442	13'459
Amortisation of third party participation in investments	-4'077	-1
Depreciation and reversal of impairment losses		
Other non-monetary revenues and expenses		
- pension obligation	*2'835*	*2'069*

Natural gas and thermal energy	Electrical energy	Electricity production	Electricity distribution	Waste recovery	SIG Services	Other	Total Group
223'679	294'690	1'992	217'333	62'099	45'491	17'870	1'038'267
2'096	20'675	34'233	4'405	11'691	593	36'785	111'698
225'775	**315'365**	**36'225**	**221'738**	**73'790**	**46'084**	**54'655**	**1'149'965**
40'869	**20'334**	**16'555**	**74'525**	**-2'103**	**36'166**	**-3'259**	**229'193**
							28'436
2'307	538'677					88	541'073
							79'982
							661'848
309'304	8'379	235'760	804'266	173'008	74'370	95'678	2'648'545
						157'247	*157'247*
78'268	950'146					485	1'028'899
							485'057
							4'162'501
185'899	4'529	10'956	75'589	212'485	96'428	-425'530	792'023
							905'861
							1'697'884
56'376	9'081	10'481	46'540	1'674	4'433	15'089	188'547
-1'039			-13'528		-98		-19'865
9'294		8'021	33'118	11'107	5'473	5'696	107'410
-1'368		-1'724	-9'368	-114	-239	-45	-17'218
						33'925	33'925
1'858	*397*	*845*	*4'896*	*3'089*	*2'758*	*14'043*	*33'459*

215'421	299'795	2'866	210'395	55'855	48'537	19'532	1'026'181
838	19'230	30'024	4'503	10'617	1'843	35'933	104'431
216'259	**319'025**	**32'890**	**214'898**	**66'472**	**50'380**	**55'465**	**1'130'612**
18'883	**1'976**	**13'923**	**60'134**	**-8'713**	**3'294**	**-7'405**	**124'836**
							-8'816
21'351	46'853					54	68'259
							77'803
							124'108
365'975	640	238'750	809'079	167'341	97'400	105'991	2'742'663
						149'120	*149'120*
85'640	932'645					501	1'018'786
							514'874
							4'276'323
219'085	2'341	13'139	90'062	223'266	110'873	-544'286	752'292
							975'508
							1'727'800
56'481	14'874	10'337	62'374	6'660	30'687	15'716	242'905
-3'530			-12'362		-59		-20'925
12'492		7'347	43'689	12'347	7'713	7'982	127'471
-1'333		-1'716	-9'518		-284	-45	-16'974
							0
1'586	*182*	*761*	*4'265*	*2'329*	*1'778*	*12'471*	*28'276*

2. Scope of consolidation

Associates and companies under joint control

Companies consolidated according to the equity method are as follows:

Companies	Objective	Head office	Share in %	Connection to SIG	Beginning equity accounting
Electricity sector					
EOS Holding	Production, transport, trading and sale	Lausanne	23.0	A	1999
Société des Forces Motrices de Chancy-Pougny SA (SFMCP)	Production of electrical energy	Chancy	72.2	CC	1999
Securelec - Vaud SA	Control of electrical facilities	Ecublens	38.4	CC	2005
SwissWinds Development GmbH	Promotion of wind energy projects	St-Gall	28.0	CC	2010
Parc Eolien de la Grandsonnaz SA	Development, installation, production and sale of electrical energy from wind farms	Bullet	40.0	CC	2009
Parc Eolien de la Montagne de Moutier SA		Court	40.0	CC	2009
Parc Eolien de la Montagne du Droit SA		Court	40.0	CC	2009
Parc Eolien de la Montagne de Romont SA		Romont BE	40.0	CC	2009
Parc Eolien du Mont de Boveresse SA		Val-de-Travers	40.0	CC	2009
Windpark Schwängimatt AG		Laupersdorf	40.0	CC	2009
Parc Eolien de St-Brais SA		St-Brais	55.0	CC	2010
Parc Eolien de Delémont SA		Delémont	55.0	CC	2010
TourNEvent SA		Rochefort	51.0	CC	2010
Verrivent SA		Les Verrières	51.0	CC	2010
Windpark Jaunpass AG		Boltingen	51.0	CC	2010
EssairVent SA		Essertines-sur-Rolle	48.5	CC	2010
Parco eolico del San Gottardo SA		Airolo	25.0	CC	2010
Gas and thermal energy sector					
Gaznat SA	Supply and transport of energy	Lausanne	37.5	A	1999
Cadiom SA	Production and distribution of energy	Vernier	51.0	CC	1999
Multi-service sector					
Swisspower Energy AG	Distribution of energy and related services	Zürich	29.9	A	2005
Spontis SA	Logistical platform for the purchase of materials	Granges-Paccot	22.5	CC	2007

A = Associate
CC = Under Joint Control

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

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Companies under joint control

Investments under joint control benefit from shareholder agreements which ensure their joint management.

SIG holds more than half of the voting rights in SFMCP and Cadiom SA. However, holding the majority of voting rights does not, in this case, give control over these two companies. Shareholder agreements limit the power of SIG to determine the financial and operating policies of these entities.

For this reason, these investments are treated as shares held in joint ventures (joint control).

Subsidiaries

Companies consolidated according to the full consolidation method are as follows:

Companies	Objective	Head office	Share in %	Beginning of full consolidation
Electricity sector				
Securelec SA	Advising and inspections in the area of electrical facilities safety	Carouge	100	2004
Compagnie Luminotechnique SA	Development, conception, manufacture and sale of high external lighting	Satigny	100	2009
Multi-service sector				
Services Industriels de Genève (France)	Conception, realisation, survey and projects in SIG's areas of activity	Annemasse	100	2009

Securelec SA created, along with other industrial partners, Securelec – Vaud SA of which it holds 38.4% of the voting rights.

Non consolidated investments

Other non consolidated investments appear under "Financial assets".

3. Revenues

	2010	2009
Drinking water revenues	99'558	101'301
Wastewater revenues	74'222	73'812
Gas and thermal energy revenues	215'421	223'679
Electrical energy revenues	299'795	294'690
Electricity production revenues	2'866	1'992
Electricity distribution revenues	210'395	217'333
Waste recovery revenues	55'855	62'099
SIG Services revenues	48'537	45'491
Other revenues	19'532	17'870
Total revenues	**1'026'181**	**1'038'267**

4. 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 SA;
- approximately 26% of electricity purchases from the EOS Holding group and approximately 8% from Société des Forces Motrices de Chancy-Pougny SA (SFMCP).

This excludes SIG's own energy production such as Verbois, Seujet and the Cheneviers plant. 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.

5. Operating expenses

	2010	2009
Personnel expenses	**247'206**	**244'179**
Salaries	189'836	185'319
Social charges	42'505	45'393
Variable remuneration	7'844	5'797
State personnel	2'539	3'215
Other personnel charges	4'482	4'455
Fees and external mandates	**21'755**	**18'725**
Temporary staff	7'952	7'856
Purchases of external services	13'803	10'869
Waste disposal expenses	**12'597**	**15'359**
General operating expenses	**86'500**	**79'718**
Expenses linked to premises	7'379	7'249
Supplies and services	58'235	52'012
Insurances and taxes	3'652	3'718
Institutional communication	8'248	6'630
Other operating expenses	8'986	10'109
Total expenses	**368'058**	**357'981**
Capitalised and stored production	-30'135	-30'075
Total operating expenses	**337'923**	**327'906**

Variable remuneration

Variable remuneration 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 comprise 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.

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Net change in provisions and asset corrections

Operating expenses are presented net of the following changes in provisions and asset corrections:

	2010	2009	Note
Provisions	-1'236	-4'067	
Salaries			
Deferred remuneration	949	238	21
Social charges			
Complementary early retirement pensions	0	-18	21
Purchases of external services			
Obligations connected to the ordinance on low voltage installations (OIBT)	-1'370	-2'294	21
Supplies and services			
Medium voltage / low voltage transformers	-35	2	21
Closure of the Châtillon site	-780	-1'996	21
Asset corrections	-1'852	291	
Supplies and services			
Stock correction	-468	87	13
Other operating expenses			
Correction of trade receivables	-1'385	203	14
Total allowances for provisions and asset corrections	**-3'088**	**-3'776**	

6. Amortisation

Amortisation on	2010	2009
Property, plant and equipment	106'235	51'270
Amortisation	107'073	116'245
Adjustment of duration of use – impact on amortisation	0	-14'882
Third party paticipation in investments	-16'928	-22'948
Adjustment of duration of use – impact on third party investments	0	5'731
Scrapping and other disposals	16'090	1'049
Reversal of impairment losses	0	-33'925
Intangible assets	4'308	4'999
Total amortisation	**110'543**	**56'269**

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.

In this case, they are transferred to amortisation for the financial year. For the 2010 financial year, this analysis identified costs amounting to KCHF 520 for amortisation (KCHF 1'038 in 2009).

Depreciations ("impairment") are described in note 9.

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7. Finance costs and income

	2010	2009
Finance costs	**-15'287**	**-35'332**
Interests on share capital	-5'000	-5'000
Finance interests and costs	-10'287	-30'332
Interests and costs of borrowings	-6'653	-11'663
Results of financial instruments	-1'206	-548
Changes in the value of financial instruments	0	-18'121
Other finance costs	-2'428	0
Finance income	**24'103**	**6'896**
Share of recognised interests	774	3'256
Change in value of financial instruments	19'931	0
Revenues from receivables investments and c/c	3'395	3'359
Other finance income	0	277
Revenues from equity securities	3	4

Interests on share capital
An interest of 5% per year is collected on the share capital by public authorities (article 3, paragraph 5 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 2.5% in 2010 (4% in 2009).

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

Interests and premiums paid
Interests paid in 2010 totalled KCHF 12'573 (KCHF 19'611 in 2009).

Bonuses on interest and exchange rate options paid and received in 2010 amounted to a net value of KCHF -185 (KCHF -249 in 2009).

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8. Charges to public authorities

2009	State	City	Municipalities	Federal Government	Other	Total
Charges for the use of the public domain	9'341	12'756	15'266			37'363
Public authority energy fund	3'906					3'906
Regulatory charges to the State regarding water rights	4'766					4'766
Hydraulic charges	5'000					5'000
New renewable energies				12'955		12'955
Cover for residual costs of services-system				3'372		3'372
Charges for the financing of the secondary wastewaster treatment network	11'080					11'080
Subsidies and other charges			186		1'354	1'540
Charges to public authorities	**34'093**	**12'756**	**15'452**	**16'327**	**1'354**	**79'982**
2010						
Charges for the use of the public domain	9'241	12'432	15'292			36'965
Public authority energy fund	3'906					3'906
Regulatory charges to the State regarding water rights	3'995					3'995
Hydraulic charges	4'864					4'864
New renewable energies				13'017		13'017
Cover for residual costs of services-system				856		856
Charges for the financing of the secondary wastewaster treatment network	11'950					11'950
Subsidies and other charges			187		2'063	2'249
Charges to public authorities	**33'956**	**12'432**	**15'479**	**13'873**	**2'063**	**77'803**

Charges for the use of the public domain

The amount of the annual charge 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 (5 October 1973). The charge represents 5% of gross revenues paid to the State and 15% of gross revenues paid to the municipalities for use of the electrical network on their respective territories during the applicable financial year.

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 charges to the State regarding water rights

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

Hydraulic charges

The State collects annual charges 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 (22 December 1916) and the regulation of the federal council on the calculation of charges relating to water rights (12 February 1918).

Since 1 May 1987, these charges amount to CHF 80 per kW.

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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.

Cover for residual costs of services-system

In accordance with article 31b of the ordinance on the supply of electricity (OApEl), temporary arrangements for the period from 2009 to 2013, the national transport network company bills on an individual basis electrical plant operators which have a capacity of 50 MW or more, proportionally to their share of gross energy production, for the share of residual costs of services-system.

Charges for financing of the secondary wastewater treatment network

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

Subsidies and other charges

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

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Detailed charges for the use of the public domain

Municipalities	2010 charges to be paid in 2011	2009 charges to be paid in 2010
Aire-la-Ville	37	36
Anières	118	118
Avully	66	67
Avusy	56	55
Bardonnex	99	100
Bellevue	167	171
Bernex	342	345
Carouge	1'408	1'442
Cartigny	40	37
Chancy	40	38
Chêne-Bougeries	476	471
Chêne-Bourg	400	402
Choulex	47	46
Collex-Bossy	61	62
Collonge-Bellerive	565	565
Cologny	366	362
Confignon	159	157
Corsier	84	84
Dardagny	157	156
Genève	12'431	12'757
Genthod	111	120
Grand-Saconnex	814	831
Gy	20	20
Hermance	47	47
Jussy	64	62
Laconnex	27	26
Lancy	1'580	1'557
Meinier	86	84
Meyrin	1'740	1'740
Onex	498	507
Perly-Certoux	140	138
Plan-les-Ouates	1'049	1'050
Pregny-Chambésy	260	268
Presinge	29	29
Puplinge	89	91
Russin	19	20
Satigny	621	590
Soral	30	30
Thônex	581	580
Troinex	97	96
Vandoeuvres	146	146
Vernier	1'682	1'642
Versoix	506	507
Veyrier	369	370
State of Geneva	9'241	9'341
Total	**36'965**	**37'363**

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Payments in favour of public authorities

2009	State	City	Municipalities	Federal government	Other	Total
Charges to public authorities	34'093	12'756	15'452	16'327	1'354	79'982
Interest on the share capital (see note 7)	2'750	1'500	750			5'000
Total	**36'843**	**14'256**	**16'202**	**16'327**	**1'354**	**84'982**
2010						
Charges to public authorities	33'956	12'432	15'479	13'873	2'063	77'803
Interest on the share capital (see note 7)	2'750	1'500	750			5'000
Total	**36'706**	**13'932**	**16'229**	**13'873**	**2'063**	**82'803**

9. Property, plant and equipment

Net property, plant and equipment

	Land and buildings	Production and distribution facilities	Other property, plant and equipment	Under construction	Total
Net balance as at 31.12.2008, published	601'633	1'115'619	23'343	302'709	2'043'304
Impact of adjustment of durations of use	125'821	309'720	6'096		441'637
Net balance as at 01.01.2009	727'454	1'425'339	29'439	302'709	2'484'941
Investments				175'246	175'246
Recognised interests				3'256	3'256
Transfer to property, plant and equipment				-1'814	-1'814
Disinvestments	-477	-868	-63		-1'408
Putting into service	60'313	120'683	8'814	-189'810	0
Depreciation					0
Reversal of impairment losses	925	32'999	1		33'925
Amortisation and value corrections	-27'036	-82'750	-6'459		-116'245
Adjustment of durations of use – impact on amortisation and value corrections	4'658	10'759	-535		14'882
Net balance as at 31.12.2009	**765'837**	**1'506'162**	**31'197**	**289'587**	**2'592'783**
Investments				224'153	224'153
Recognised interests				774	774
Transfer to property, plant and equipment				-280	-280
Disinvestments	-82	-27'893	-215		-28'190
Putting into service	8'009	73'285	10'343	-91'637	0
Depreciation					0
Reversal of impairment losses					0
Amortisation and value corrections	-22'528	-77'399	-6'625	-520	-107'072
Net balance as at 31.12.2010	**751'236**	**1'474'155**	**34'700**	**422'077**	**2'682'168**

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Gross property, plant and equipment

31.12.2008	Gross value	Accumulated amortisation	Net value
Land and buildings	1'093'273	-365'819	727'454
Production and distribution facilities	2'753'683	-1'328'344	1'425'339
Other property, plant and equipment	197'201	-167'762	29'439
Property, plant and equipment under construction	302'709	0	302'709
Total property, plant and equipment	**4'346'866**	**-1'861'925**	**2'484'941**
Of which depreciation		-201'531	
31.12.2009			
Land and buildings	1'175'517	-409'680	765'837
Production and distribution facilities	2'839'301	-1'333'139	1'506'162
Other property, plant and equipment	197'029	-165'832	31'197
Property, plant and equipment under construction	289'587	0	289'587
Total property, plant and equipment	**4'501'434**	**-1'908'651**	**2'592'783**
Of which depreciation		-157'247	
31.12.2010			
Land and buildings	1'183'274	-432'038	751'236
Production and distribution facilities	2'807'936	-1'333'781	1'474'155
Other property, plant and equipment	203'973	-169'273	34'700
Property, plant and equipment underconstruction	422'077	0	422'077
Total property, plant and equipment	**4'617'260**	**-1'935'092**	**2'682'168**
Of which depreciation		-149'120	

Depreciation

Net depreciation

	Land and buildings	Production and distribution facilities	Other property, plant and equipment	Under construction	Total
Net balance as at 31.12.1008, published	-83'512	-112'762	-348	-4'909	-201'531
Impact of adjustment of durations of use					0
Net balance as at 01.01.2009	-83'512	-112'762	-348	-4'909	-201'531
Depreciation					0
Reversal of impairment losses	925	32'999	1		33'925
Amortisation and value corrections	3'514	6'791	54		10'359
Adjustment to durations of use - impact on amortisation and value corrections					0
Net balance as at 31.12.2009	**-79'073**	**-72'972**	**-293**	**-4'909**	**-157'247**
Net balance at opening	-79'073	-72'972	-293	-4'909	-157'247
Depreciation					0
Reversal of impairment losses					0
Amortisation and value corrections	3'479	4'595	53		8'127
Net balance as at 31.12.2010	**-75'594**	**-68'377**	**-240**	**-4'909**	**-149'120**

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Gross depreciation

31.12.2008	Gross value	Accumulated amortisation	Net value
Land and buildings	-87'183	3'671	-83'512
Production and distribution facilities	-129'785	17'023	-112'762
Other property, plant and equipment	-623	275	-348
Assets under construction	-4'909	0	-4'909
Total depreciation	**-222'500**	**20'969**	**-201'531**
31.12.2009			
Land and buildings	-86'031	6'958	-79'073
Production and distribution facilities	-82'161	9'189	-72'972
Other property, plant and equipment	-400	107	-293
Assets under construction	-4'909	0	-4'909
Total depreciation	**-173'501**	**16'254**	**-157'247**
31.12.2010			
Land and buildings	-86'031	10'437	-75'594
Production and distribution facilities	-82'161	13'784	-68'377
Other property, plant and equipment	-399	159	-240
Assets under construction	-4'909	0	-4'909
Total depreciation	**-173'500**	**24'380**	**-149'120**

Telecom network

The estimation of the recoverable value of the telecom network required the recording of an initial depreciation of KCHF 34'000 in 2002, complemented in 2003 by a supplementary value reduction of KCHF 15'000.

The calculation of the value in use included in particular the following elements:

- The use of the discounted future cash flow method;
- The discount rate including risk is 9.25% in 2010 (9.5% in 2009).

In 2009, the evolution of the telecommunications market led to improved value of SIG's telecom network. A new value in use was determined and indicated that the impairment loss recorded previously was no longer applicable. The amount of the amortised impairment loss reversal is KCHF 33'925 in 2009.

Thus, as of the end of 2009, the telecom network is no longer depreciated.

Cheneviers plant

The estimation of the recoverable value of the Cheneviers plant's assets required the recording of a depreciation of KCHF 135'500 in 2007. The calculation of the value in use included the following elements:

- The use of the discounted future cash flow method;
- The discount rate including risk is 5.00% in 2010 (5.0% in 2009);
- The price for waste incineration indexed solely to inflation, as of 2011;
- Revenues from waste outside the collection zone recorded solely for contracts concluded or in final negotiations as at 31 December.

Thus, at the end of 2010, the assets of the Cheneviers plant were reduced by a net depreciation of KCHF 114'386 (KCHF 121'424 at the end of 2009).

Primary wastewater treatment network

The estimation of the recoverable value of the primary wastewater treatment network required the recording of a depreciation of KCHF 38’000 in 2007. The calculation of the value in use included the following elements:

- The use of the discounted future cash flow method;
- The discount rate including risk is 5.00% in 2010 (5% in 2009);
- Revenues from the purification tax taking into account a historic reduction by 1% per year in the volume of drinking water sold;
- Revenues from the purification tax increased in 2010, following the commencement of service of the Bois-de-Bay purification station in 2009 which, as of 2010, will enable the treatment of larger amounts of French wastewater. The amortisation also increased with the commencement of service of the Bois-de-Bay purification station, as of 2009.

At the end of 2010, the primary wastewater treatment network was therefore reduced by a net depreciation of KCHF 34’734 (KCHF 35’823 at the end of 2009).

10. Intangible assets

2009	In service	In development	Total
Net balance at opening	5'804	4'861	10'665
Investments		3'747	3'747
Transfers from property, plant and equipment	1'814		1'814
Transfers from financial assets	120		120
Disposals			0
Putting into service	3'785	-3'785	0
Amortisation and value corrections	-3'963	-1'037	-5'000
Net balance at closing	**7'560**	**3'786**	**11'346**
2010			
Net balance at opening	7'560	3'786	11'346
Investments		6'927	6'927
Transfers from property, plant and equipment	280		280
Transfers from financial assets			0
Disposals			0
Putting into service	3'685	-3'685	0
Amortisation and value corrections	-4'308		-4'308
Net balance at closing	**7'217**	**7'028**	**14'245**

Intangible assets primarily include 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.

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11. Investments in associates and companies under joint control

Movement of investments

	SFMCP	EOS Holding	Gaznat	Cadiom	Swiss-power	Other	Total
Investments as at 31.12.2008	35'713	753'336	71'099	5'279	1'622	397	867'446
2009 movements							
Acquisitions						240	240
Share of comprehensive income		-267'147		-105			-267'252
Dividends received	-640	-111'651	-313			-4	-112'608
Share of results	2'195	535'855	1'724	584	623	92	541'073
- IFRS retreatment						*52*	*52*
- Share of results for the financial year	*2'195*	*535'855*	*1'724*	*584*	*623*	*40*	*541'021*
Total investments in associates or companies under joint control at closing	**37'268**	**910'393**	**72'510**	**5'758**	**2'245**	**725**	**1'028'899**
2010 movements							
Acquisitions			2'293		1'125	23'655	27'073
Amendments to the financial reinforcement plan			-15'787				-15'787
Share of comprehensive income		-39'831		-172			-40'003
Dividends received	-2'167	-46'042	-313		-1'128	-5	-49'655
Share of results	963	50'257	20'644	707	2'629	-6'941	68'259
- IFRS retreatment			*15'225*				*15'225*
- Share of results for the financial year	*963*	*50'257*	*5'419*	*707*	*2'629*	*-6'941*	*53'034*
Total investments in associates or companies under joint control at closing	**36'063**	**874'777**	**79'346**	**6'294**	**4'870**	**17'434**	**1'018'786**

Equity-accounted investments

There have not been any significant changes in the percentage of interests in equity-accounted companies.

All investments in equity-accounted companies were subject to a valuation at the recoverable value established using a method identical to that applied to the "Property, plant and equipment" category (see note 9).

EOS Holding

In the context of the repurchase of Motor-Columbus shares by a consortium of buyers, the latter, consisting of EOS Holding, EDF, Atel and the minority Swiss shareholders of Atel, decided to restructure their company. Thus Atel and Motor-Columbus merged and took the name Atel Holding in 2007, and then Alpiq Holding SA in 2009.

At the beginning of 2009, EOS Holding transferred all of its operating assets to Alpiq Holding SA and received in exchange shares in the latter as well as a compensation payment of CHF 1.8 billion, part of which will be transferred to the shareholders of EOS Holding. In this context, SIG received MCHF 92 in 2009 and MCHF 26 in 2010.

In 2009, this transfer generated an additional MCHF 2'130 in the accounts of EOS Holding. The impact of this transaction for SIG, which holds 23.02% of EOS Holding, was an increase of MCHF 490 of its statement of consolidated income, to which must be added the other net revenues of EOS Holding in 2009, i.e. a total amount of MCHF 536.

As of 2009, following an increase of the investment of EOS Holding in Alpiq Holding SA from 18.56% to approximately 31%, EOS Holding consolidated its investment in Alpic Holding SA using the equity method. In prior financial years, EOS Holding had recorded the fair value of Alpiq Holding SA through equity. The impact of the consolidation of Alpiq Holding SA reduced SIG's equity by MCHF 267 in 2009.

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Gaznat

Petrosvibri SA, which is included within Gaznat's scope of consolidation, performed an exploratory drilling at the end of 2009 and in 2010 in order to identify the presence of natural gas deposits under Lake Geneva. The conclusions of the exploratory drillings will be known in 2011.

SFMCP

SFMCP has a concession for the operation and renovation of the Chancy-Pougny dam. This concession will end on 8 April 2061.

The going concern of the facilities and the granting of the concession requires undertaken, planned or imposed investments estimated at MCHF 87.

Non consolidated investments

Non consolidated investments appear under "Financial assets".

12. Financial assets

	2010	2009
Receivables from CERN	42'756	45'068
Receivables from the State	1'852	5'746
Receivables from companies under joint control	0	8'841
Other financial receivables	904	815
Total receivables	**45'512**	**60'470**
Derivatives (see note 35)	29'646	14'424
FMHL financial option (see note 28)	640	8'379
Total derivatives	**30'286**	**22'803**
Equity securities	96	41
Consolidation goodwill	143	143
Total financial assets	**76'037**	**83'457**

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 put into 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 the finance income.

Receivables from the State

The receivables from the State result from financial operations relating to the ownership transfer of assets of the Cheneviers plant.

Receivables from companies under joint control

These receivables are from companies under joint control which are active in the area of electrical energy from wind farms (see note 28).

Equity securities

Equity securities include securities of companies related to the activities of SIG which are held in the long-term. They facilitate and help to develop business and sales relationships. These investments are registered at cost because their fair value cannot be established reliably.

Indeed, either the investment made by SIG is not financially significant, or the evolution of the market in which the companies are active means that the subjective valuation elements are dominant. Furthermore, a valuation based solely on equity would be inappropriate.

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13. Inventories and work in progress

Inventories	2010	2009
Equipment allocated to construction (e.g. networks)	10’424	9’987
Equipment allocated to operation (e.g. furniture, tools)	16’709	16’979
Provision for stock depreciation	-3’895	-4’363
Total inventories	23’238	22’603
Work in progress		
Total work in progress	7’965	7’410
Total inventories and work in progress	**31’203**	**30’013**
Anticipated payments received from construction projects	13’159	14’678
Sales recognised as revenues from the period	35’862	31’693

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.

14. Trade receivables from supplies and services

	2010	2009
Customers	179’472	173’957
Provision for depreciation on trade receivables	-2’700	-4’085
Total trade receivables from supplies and services	**176’772**	**169’872**

Customers

Consumption to be invoiced

The “Customers” item includes consumption to be invoiced for an estimated amount of KCHF 97’036 in 2010 (KCHF 89’392 in 2009).

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:

	2010	2009
Security deposits	7’807	8’392
Bank guarantees in our favour	916	1’059

Security deposits are presented under “Financial liabilities and other obligations” (see note 24).

Amortised cost

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

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Provision for depreciation on trade receivables

The movement of the provision for depreciation on trade receivables is as follows:

Doubtful accounts as at 01.01.2009	3’881
Reversal	0
Use	-7
Addition	211
Doubtful accounts as at 31.12.2009	**4’085**
Doubtful accounts as at 01.01.2010	4’085
Reversal	-449
Use	-939
Addition	3
Doubtful accounts as at 31.12. 2010	**2’700**

Matured trade receivables which are unfunded are considered to be recoverable.

Losses on trade receivables in 2010 amount to KCHF 2’376 (KCHF 971 in 2009).

15. Other financial assets and prepayments

Other financial assets	2010	2009
Derivatives (see note 35)	48’356	16’937
Due from third parties	14’170	5’474
Prepayments		
Energy sales to associates or companies under joint control	5’565	10’820
Energy sales	15’568	22’211
Other temporary assets	18’516	18’384
Total other financial assets and prepayments	**102’175**	**73’826**

16. Cash and cash equivalents

	2010	2009
Total cash and cash equivalents	**174’937**	**172’305**
Credit line limit	50’000	50’000

Credit lines

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

Amortised cost

The amortised cost of cash and cash equivalents corresponds to their nominal value.

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17. 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.

	State as at 31.12.2010	In %	State as at 31.12.2009	In %
State of Geneva	55'000	55%	55'000	55%
City of Geneva	30'000	30%	30'000	30%
Other municipalities of Geneva	15'000	15%	15'000	15%
Total share capital	**100'000**	**100%**	**100'000**	**100%**

18. Group reserves

Movements	New construction fund	Insurance fund	General reserve fund	Châtillon site reserve fund	Non allocated reserves	Total
Total consolidated reserves as at 31.12.2008, published	632'175	71'215	304'688	0	475'914	1'483'992
Impact of adjustment of durations of use		48'507	274'872			323'379
Total consolidated reserves as at 31.12.2008	632'175	119'722	579'560	0	475'914	1'807'371
Allocation of the group net results for the previous financial year, published	55'270	7'711	43'694	253	56'452	163'380
Total consolidated reserves as at 01.01.2009	687'445	127'433	623'254	253	532'366	1'970'751
Share of comprehensive income of companies consolidated by the equity method					-267'252	-267'252
Total consolidated reserves as at 31.12.2009	**687'445**	**127'433**	**623'254**	**253**	**265'114**	**1'703'499**
Allocation of the net results for the previous financial year, published	50'604	26'100	147'902	-626	428'717	652'697
Adjustment of durations of use – impact on the allocation of the group net results for the previous financial year		1'373	7'778			9'151
Total consolidated reserves as at 01.01.2010	**738'049**	**154'906**	**778'934**	**-373**	**693'831**	**2'365'347**
Share of comprehensive income of companies consolidated by the equity method					-40'027	-40'027
Total consolidated reserves as at 31.12.2010	**738'049**	**154'906**	**778'934**	**-373**	**653'804**	**2'325'320**

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

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.

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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	Accumulated results of subsidiaries	Other reserves	Total
State of consolidation reserves as at 31.12.2008, published	294'255	-78'975	305'311	992	-45'669	475'914
Impact of adjustment of durations of use						0
State of consolidation reserves as at 31.12.2008	294'255	-78'975	305'311	992	-45'669	475'914
Contribution in the previous year of consolidated companies		-8'637	64'804	285		56'452
State of consolidation reserves as at 01.01.2009	294'255	-87'612	370'115	1'277	-45'669	532'366
Share of comprehensive income of companies consolidated by the equity method	-267'252					-267'252
State of consolidation reserves as at 31.12.2009	**27'003**	**-87'612**	**370'115**	**1'277**	**-45'669**	**265'114**
Contribution in the previous year of consolidated companies		-112'608	541'073	252		428'717
Adjustment of durations of use - impact on the allocation of the group net results for the previous financial year						0
State of consolidation reserves as at 01.01.2010	**27'003**	**-200'220**	**911'188**	**1'529**	**-45'669**	**693'831**
Share of comprehensive income of companies consolidated by the equity method	-40'003				-24	-40'027
State of consolidation reserves as at 31.12.2010	**-13'000**	**-200'220**	**911'188**	**1'529**	**-45'693**	**653'804**

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19. Third party participation in investments

Third party participation in investments

	Land and buildings	Production and distribution facilities	Other property, plant and equipment	Under construction	Total
Net balance as at 31.12.2008, published	69'697	309'082	265	7'491	386'535
Impact of adjustment of durations of use	6'182	103'076			109'258
Net balance as at 01.01.2009	75'879	412'158	265	7'491	495'793
Investments				19'865	19'865
Disinvestments		-353	-6		-359
Putting into service		19'150		-19'150	0
Amortisation	-1'973	-20'952	-23		-22'948
Adjustment of durations of use - impact on amortisation	426	5'305			5'731
Net balance as at 31.12.2009	**74'332**	**415'308**	**236**	**8'206**	**498'082**
Investments				20'925	20'925
Disinvestments		-12'099			-12'099
Putting into service		11'604		-11'604	0
Amortisation	-1'520	-15'390	-17		-16'927
Net balance as at 31.12.2010	**72'812**	**399'423**	**219**	**17'527**	**489'981**

Third party gross participation in investments

	Gross value	Accumulated amortisation	Net value
31.12.2008			
Land and buildings	98'507	-22'628	75'879
Production and distribution facilities	671'560	-259'402	412'158
Other property, plant and equipment	903	-638	265
Property, plant and equipment under construction	7'491	0	7'491
Total third party shares in investments	**778'461**	**-282'668**	**495'793**
31.12.2009			
Land and buildings	100'479	-26'147	74'332
Production and distribution facilities	687'197	-271'889	415'308
Other property, plant and equipment	873	-637	236
Property, plant and equipment under construction	8'206	0	8'206
Total third party shares in investments	**796'755**	**-298'673**	**498'082**
31.12.2010			
Land and buildings	100'479	-27'667	72'812
Production and distribution facilities	671'095	-271'672	399'423
Other property, plant and equipment	873	-654	219
Property, plant and equipment under construction	17'527	0	17'527
Total third party shares in investments	**789'974**	**-299'993**	**489'981**

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20. Borrowings

Inventory of borrowings

	2010	2009
Variable rate borrowings	101'667	289'667
Fixed rate borrowings	264'000	144'000
Total borrowings	**365'667**	**433'667**

Borrowings have fixed or variable rates contracted with banking institutions.

Interest rates

Interest rates	2010	2009
Weighted mean of nominal interest rates	1.8%	2.3%
Weighted mean of actual interest rates	1.8%	2.3%

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.

Maturity of borrowings

Maturity of borrowings	2010	2009
Borrowings longer than one year	347'667	365'667
Borrowings shorter than one year	18'000	68'000
Total borrowings	**365'667**	**433'667**

21. Provisions

2009	Complementary early retirement pensions	Deferred remuneration	Obligations related to the OIBT	Renovation of MV / LV facilities	Closure of the Châtillon site	Total
Balance at opening	18	10'325	15'378	12'358	10'748	48'827
Increase		10'564	353	556	219	11'692
Change of valuations				141		141
Use	-18	-10'325	-2'648	-694	-2'215	-15'900
Total at closing	**0**	**10'564**	**13'083**	**12'361**	**8'752**	**44'760**
2010						
Total at opening	0	10'564	13'083	12'361	8'752	44'760
Increase		11'513	348	512		12'373
Change of valuations				-47		-47
Use		-10'564	-1'718	-500	-780	-13'562
Total at closing	**0**	**11'513**	**11'713**	**12'326**	**7'972**	**43'524**

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Maturity of provisions	2010	2009
Non-current	28'712	30'236
Current	14'812	14'524
Total provisions	**43'524**	**44'760**

Variations in provisions are recorded under operating expenses and presented in note 5.

Complementary early retirement pensions

Complementary early retirement pensions represent the financial obligation of the company towards its employees who have chosen to participate in the plan to encourage early retirement in the context of the early retirement programme introduced by SIG in 1996. The aim of the encouragement plan is to ensure the continuity of income between the moment of departure and the age of eligibility for old-age pension (AVS).

Initially planned for a duration of three years, the early retirement programme was extended until 31 December 2003, at which time it came to an end.

As at 31 December 2009, SIG no longer has any obligations towards retired employees.

Deferred remuneration

Deferred remuneration is an estimation of the cost of additional hours and untaken holidays which will be used by employees during the following year.

Obligations related to the ordinance on low voltage facilities (OIBT)

The provisions of the ordinance on low voltage facilities, in force since 1 January 2002, regulate the conditions applicable to access to low voltage electrical facilities and the monitoring of such facilities.

The amount of the obligation recorded on the balance sheet represents the estimated financial cost of the controls which were not carried out prior to the entry into force of the law.

Renovation of medium voltage / low voltage 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 medium voltage / low voltage transformers (MV/LV) dedicated to customers to the latter.

The amount of the obligation recorded on the balance sheet represents the estimated renovation costs for the equipment after 2010, which must be paid by SIG at the time of transfer of the transformers. It reduces the cost of replacement in the financial year during which it occurs.

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. It is adjusted according to the level of filling of the dump.

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22. Pension obligations

Determination of the obligation

The table below indicates the actual value of the obligations and the assets' fair value at the end of the financial year.

	2010	2009
Actual value of obligations	1'647'856	1'568'082
Fair value of assets and liabilities	-871'794	-874'780
Financial situation at the end of the financial year	776'062	693'302
Actuarial differences not yet registered	-389'927	-335'443
Obligation recorded as liabilities on the balance sheet	**386'135**	**357'859**

During the 2010 financial year, the amount of the liabilities on the balance sheet increased by KCHF 28'276 (KCHF 33'459 in 2009). This increase was recorded under "Pension obligations".

	2010	2009
Actual value of obligations as at 01.01	1'568'082	1'541'752
Actual value of additional rights acquired	31'646	32'010
Employee contributions	10'937	11'810
Cost to update obligations	49'965	49'049
Actuarial losses on obligations	53'621	-5'140
Benefits paid	-66'395	-61'399
Actual value of obligations as at 31.12	**1'647'856**	**1'568'082**

	2010	2009
Fair value of assets and liabilities as at 01.01	874'780	803'553
Expected return of assets and liabilities	43'158	39'354
Employer contribution	22'837	26'364
Employee contributions	10'937	11'810
Actuarial gain / (loss) on the capital	-13'523	55'098
Benefits paid	-66'395	-61'399
Fair value of assets and liabilities as at 31.12	**871'794**	**874'780**

Changes in the obligation recorded on the balance sheet

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

	2010	2009
Obligations recorded as liabilities on the balance sheet at the beginning of the financial year	357'859	324'400
Benefits costs during the financial year	51'113	59'823
Employer contribution during the financial year	-22'837	-26'364
Obligations recorded as liabilities on the balance sheet at the end of the financial year	**386'135**	**357'859**

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Structure of benefits costs of the financial year

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

	2010	2009
Cost of services provided during the financial year	42’583	43’820
Cost to discount obligations	49’965	49’049
Expected return of assets and liabilities	-43’158	-39’354
Employee contributions	-10’937	-11’810
Amortisation of actuarial differences not yet registered	12’660	18’118
Cost of benefits recorded during the financial year	**51’113**	**59’823**

Main actuarial assumptions

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

	2010	2009
Discount rate	3.00	3.25
Expected return of assets and liabilities	5.00	5.00
Future salary increases	2.00	2.00
Future increases in retirement benefits	1.50	1.50
Retirement age 61 years	61 years	61 years

The expected return of assets and liabilities was calculated on the basis of the expected returns of the various assets in the context of the current investment policy which reflect the actual long-term return rates observed on the respective markets.

The actual return of assets and liabilities during the 2010 financial year was KCHF 29’635 (KCHF 94’452 in 2009), which corresponds to an average rate of 3.45% (12% in 2009).

Structure of the scheme’s assets

The table below shows the allocation of assets between the different types of assets.

	2010	2009
Obligations and loans	11.80%	12.40%
Shares	42.80%	42.40%
Buildings	40.80%	40.40%
Other	4.60%	4.80%
Total	**100.00%**	**100.00%**

SIG does not hold any part of the pension fund’s assets and liabilities and does not occupy any buildings which belong to the fund.

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History

The history of the financial situation as at 31 December and the gains and losses resulting from the experience, presented prospectively as of 2006, is as follows:

	2010	2009	2008	2007	2006
Obligations	1'647'856	1'568'082	1'541'752	1'565'710	1'585'717
Fair value of assets and liabilities	-871'794	-874'780	-803'553	-969'432	-948'826
Financial situation at the end of the financial year	776'062	693'302	738'199	596'278	636'891
Actuarial differences not yet registered	-389'927	-335'443	-413'799	-294'002	-359'604
Obligations recorded as liabilities on the balance sheet	**386'135**	**357'859**	**324'400**	**302'276**	**277'287**
Gains / losses					
- on obligations, resulting from changes in assumptions	*-60'679*	*0*	*23'490*	*62'181*	*0*
- on obligations, resulting from experience	*7'058*	*5'140*	*28'121*	*-10'792*	*-20'830*
- on the assets and liabilities, resulting from experience	*-13'523*	*55'098*	*-180'725*	*339*	*6'758*

Additional information

General description of the type of pension plan

SIG personnel benefit from a defined benefit pension plan.

This scheme specifies that the amount of the retirement pension may not exceed 70% of the determining salary, i.e. the last insured salary.

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

Employer contribution expected for 2011

On the basis of the contributions actually paid in 2010, we estimate that employer contributions for the 2011 financial year amount to KCHF 22'847 (KCHF 26'364 in 2010).

Method used to register the actuarial differences

The amount of the actuarial differences not yet recorded at the beginning of the 2010 financial year has exceeded the corridor. Therefore, part of the actuarial differences is recorded in the statement of comprehensive income in the amount of KCHF 12'660 (KCHF 18'118 in 2009).

23. Obligation to an associate

In the context of the preparation of the future liberalisation of the gas market, the shareholders of Gaznat SA have jointly committed to financing the anticipated repayment of the borrowings of Gaznat SA and Unigaz SA (subsidiary of Gaznat SA) as at 1 January 2000 and for a duration of 10 to 13 years. This financial reinforcement plan was terminated as at 1 January 2010 on the basis of a decision by Gaznat's Board of Directors.

The actual value of SIG's obligation as at 31 December 2010 is KCHF 0 (KCHF 15'787 in 2009).

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24. Financial liabilities and other obligations

	2010	2009
Multi-annual equalisation fund	69'027	32'203
Derivatives (see note 35)	32'621	31'259
Revenues from future periods	12'057	12'997
Security deposits	7'807	8'392
Benefit fund in case of death	439	594
Patronage fund	418	465
New and renewable energy fund (COGENER)	459	519
Environmental fund (COGEFE)	573	612
Total financial liabilities and other obligations	**123'401**	**87'041**

Multi-annual equalisation fund

The difference between advances received from customers and the maximum revenue approved by the regulator for electrical energy, 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.

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 balance sheet 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.

25. Suppliers and creditors

	2010	2009
Associates and companies under joint control	41'964	29'912
Third party suppliers	71'780	59'110
Other creditors	25'682	23'273
Total suppliers and creditors	**139'426**	**112'295**

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Retention payment

Certain invoices are subject to a retention payment in order to ensure proper completion of the work. It corresponds, depending on the case, to 5% of the total work carried out and is held for a period of one year.

Guarantees in the form of security total KCHF 7'976 in 2010 (KCHF 7'763 in 2009).

Other creditors

Part of "Other creditors" relates to payments received in advance for construction contracts (see note 13).

Amortised cost

The amortised cost of suppliers and creditors corresponds to their nominal value.

26. State and other public authorities

	2010	2009
Charges for use of public domain in favour of the State	13'147	13'246
Charges for use of public domain in favour of other public authorities	27'724	28'022
Current account with the State	-871	-3'544
Other debts towards public authorities	2'234	2'502
Total State and other public authorities	**42'234**	**40'226**

27. Other financial liabilities and accrued expenses

Other financial liabilities	2010	2009
Derivatives (see note 35)	39'005	20'700
Due to third parties	1'220	798
Accrued expenses		
Energy purchases from associates or companies under joint control	17'933	17'808
Energy purchases	20'580	30'731
Accrued interests on borrowings	102	153
Other temporary liabilities	58'592	37'977
Total other financial liabilities and accrued expenses	**137'432**	**108'167**

Electricity forward operations - options and swaps

Electricity forward operations and options and swaps are described under note 35.

28. Relations with related parties

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

Subsidiaries, associates and companies under joint control

Most transactions with related parties occur in the context of energy purchases for resale (see notes 5 and 25). The prices are fixed by contract (see note 29).

EOS Holding – purchase right

In the context of the contracts with EOS Holding, SIG has the possibility, from 1 October 2007 until 31 December 2030, to purchase a fixed maximum annual amount of electricity from EOS Holding at a price equivalent to the mean production cost of EOS Holding. The accumulated difference during the period given between the mean sales price of EOS Holding and its mean production cost for the quantities purchased by SIG may not exceed a mutually agreed maximum limit.

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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 is recorded in the financial statements only when it is exercised.

EOS Holding - 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 640 in 2010 (KCHF 8'379 for 2009).

The FMHL financial option is presented with the other financial assets (see note 12).

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. Convertible loan contracts in favour of these companies were also concluded. The maximum amount that the latter may borrow in the context of this financing is KCHF 37'288, on the basis of predefined realisation criteria. As at 31 December 2010, the sum of paid advances is KCHF 17'655 (KCHF 8'841 as at 31 December 2009). It represents a capital investment.

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 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 8).

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 7).

Transactions with the holders of share capital

Any transactions relating to the provision of energies and services by SIG to holders of the share capital and companies which they control are carried out according to the usual conditions and terms for sales.

SIG does not influence and is not under the influence of holders of the share capital and the companies which they control.

As at 31 December 2010, the balance of the transactions with the holders of share capital is shown under "State and other public authorities" (see note 26).

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 (23 members) and of management (9 members) 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, associates and companies under joint control, provided to the members of the Board of Directors and members of management.

	2010		2009	
	Board of Management	Directors	Board of Management	Directors
Remuneration	766	2’629	817	2’511
Benefits subsequent to employment	8	433	31	355
Compensation for membership of Board of Directors of subsidiaries, associates and companies under joint control of SIG	88	0	67	0

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. Furthermore, they do not receive end of contract bonuses or other similar benefits.

Transactions with top management

Any transactions relating to the products and services of SIG with its top management 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.

29. Obligations

Obligations to companies active in the wind energy sector

Loan

In the context of wind activities development by the Swisswinds Group, SIG contractually committed to lend the latter KCHF 2’000 in 2011.

Success premium

In the context of the development of its wind activities, SIG committed to pay a success premium to its partners when definitive construction permits and permanent building rights are obtained.

Obligations to Gaznat SA

Subordinated loan

In the context of the capital increase of Gaznat SA in 1993, SIG agreed to grant this company a subordinated load in the value of KCHF 7’587. This loan will be paid upon request by Gaznat SA.

Energy purchase contracts

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

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

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 to ISDS Oulens SA

SIG has an investment in ISDS Oulens SA, 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 provided 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 SA

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

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

To this date there is no known risk related to this guarantee.

30. Financial information of associates and companies under joint control

Associates

The following amounts represent SIG's share in the assets and liabilities, revenues and expenses of the three associates after retreatment according to the IFRS norms. They are consolidated in the financial statements using the equity method.

	2010	2009
Non-current assets	855'607	900'412
Current assets	221'897	163'242
Total assets	**1'077'504**	**1'063'654**
Equity	960'239	985'136
Non-current liabilities	27'788	24'264
Current liabilities	89'477	54'254
Total liabilities	**1'077'504**	**1'063'654**
Revenues	347'347	768'065
Expenses	-283'527	-203'263
Result for the financial year	**63'820**	**564'802**

Companies under joint control

The following amounts represent SIG's share in assets and liabilities, revenues and expenses of the eighteen companies under joint control after retreatment according to the IFRS norms. They are consolidated in the financial statements using the equity method.

	2010	2009
Non-current assets	61'981	50'863
Current assets	9'870	20'329
Total assets	**71'851**	**71'192**
Equity	54'084	43'045
Non-current liabilities	15'382	18'589
Current liabilities	2'385	9'558
Total liabilities	**71'851**	**71'192**
Revenues	18'789	17'755
Expenses	-24'061	-14'894
Result for the financial year	**-5'272**	**2'861**

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31. Impact of the new laws on financial statements

Federal law on the supply of electricity (LApEl)

The legal framework applicable as of 2009 to electricity supply in Switzerland is defined by the federal law (LApEl) and its ordinance (OApEl), the directives and decisions of the regulator (ElCom) and secondarily by the electrical branch (AES).

The LApEl 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 (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.

For the first phase, regardless of from certain appeals that have not yet been decided, the financial consequences of the regulation or the customers' choices may now be better anticipated by supply network managers.

However, the situation after 2013 remains uncertain. In fact, by 2013, the complete opening of the electricity market is likely to be subject to an optional referendum. Furthermore, in order to respond to the weaknesses noted in the current legislation, the Federal Council announced in November 2009 that it wanted to organise a consultation on the revision of the LApEl by 2011, which would enter into force as of 2014, in particular in order to reinforce regulation, cost control, transparency of charges and national transport network's independence.

Federal ordinance on the supply of electricity (OApEl)

The federal ordinance on the supply of electricity (OApEl) states in its transitional provision for the period from 2009 to 2013 that the national transmission network company invoices individually to the power plant operators with an electrical power of at least 50 MW, proportional to their share of gross electrical production and the share of residual costs of services-system. As of 2011, this invoicing of a share of services-system costs to power plant operators with an electrical power of at least 50 MW is abandoned and the entirety of these costs is invoiced to the network operators and therefore to the users of the distribution networks. The financial impact of this change is considered to be nil for SIG.

Federal law on the use of hydraulic power

The federal law on the use of hydraulic power (LFH) of 22 December 1916 states the amount of charges to be paid for the use of water as driving power. Since 1 May 1987, these charges amount to CHF 80 per kW and will increase to CHF 100 per theoretical kW as of 2011. The financial impact will be proportionate for SIG.

32. Allocation of results

Structure of net results

	2010	2009
SIG net result	105’445	233’131
Results of subsidiaries	59	252
Retreatment of dividends received from equity-accounted companies	-49’655	-112’608
Share of results of equity-accounted companies	68’259	541’073
Total contribution of consolidated companies	18’663	428’717
Group net result	**124’108**	**661’848**

The group’s 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 to the Châtillon site reserve fund.

The profit of the 2010 financial year will be allocated as follows:

	2010	2009
Châtillon site reserve fund	-301	-626
Allocation of SIG’s results		
New construction fund	66’594	50’604
Insurance fund	5’873	27’473
General reserve fund	33’279	155’680
SIG net result	**105’445**	**233’131**

33. Events subsequent to closing

No event requiring the presentation of additional information occurred between the closing date and the date at which the publication of the financial statements was authorised.

34. Capital management

SIG is committed to a modern, transparent and responsible public service which is beneficial to the community. Therefore, SIG guarantees to its customers a fair and transparent price and proposes solutions to improved production and consumption. Sustainable development also constitutes the reference basis for SIG’s values and strategy. Sustainable development is organised around the systematic and harmonious 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.

	2010	2009
Ratio of financial independence	0.77	0.76
Invested capital		
Non-current accounts payable	900'727	871'114
Current borrowings	18'000	68'000
Cash and cash equivalents	-174'937	-172'305
Net indebtedness	**743'790**	**766'809**
Equity	2'548'523	2'464'617
Invested capital	**3'292'313**	**3'231'426**

35. Risk management

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.

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 currently managed by Gaznat SA, a company in which SIG has an investment (see note 2).

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.

Thus, updating the "Management policy for risks linked to electricity supply" was approved by the Board of Directors on 22 June 2010. 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 updated after each change in the policy.

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

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Two types of products are authorised:

- Products which result in a physical delivery at the contract maturity; and
- 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 the EOS Holding Group (see note 28);
- Medium-term contracts, annual, quarterly or monthly;
- Short-term contracts, weekly or daily;
- and intraday contracts, hourly for the current day

In order to better manage the risks linked to fluctuations in electricity prices, SIG concludes forward contracts for the purchase of electrical energy. Part of these contracts are concluded abroad and do not always result in physical delivery. These contracts are concluded with the aim of being conserved until their maturity. At the time of their conclusion, 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 and the dynamic portfolio is presented in the assets or liabilities with counterparty in the consolidated statement of comprehensive income.

FMHL financial option

EOS Holding has ceded an FMHL financial option to SIG (see note 28).

Management of financial risks

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" was approved by the Board of Directors on 18 February 2010. 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.

Provisional cash reserves (in MCHF)	2011	2012-2015
Balance at opening	175	10
Cash resulting from operations	1'098	4'689
Cash absorbed by operations	-971	-4'075
Cash absorbed by investing activities	-274	-936
Cash resulting from financing activities	0	600
Reduction of accounts payable	-18	-182
Balance at closing	**10**	**106**

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.

As at 31.12.2009	Less than one year	From one to two years	From two to five years	More than five years	Total
Short term accounts payable and borrowings and related interests	76'015	25'634	77'997	358'598	538'244
Short- and long-term derivatives	20'700	26'401	4'858		51'959
Obligation to an associate	5'255	5'255	5'277		15'787
Financial liabilities and other obligations	3'026	33'448	3'408	13'710	53'592
Suppliers and creditors	112'295				112'295
State and other public authorities	40'226				40'226
Other financial liabilities and accrued expenses	49'337				49'337
Total	**306'854**	**90'738**	**91'540**	**372'308**	**861'440**
As at 31.12.2010					
Short term accounts payable and borrowings and related interests	24'691	27'156	81'836	362'459	496'142
Short-and long-term derivatives	39'005	25'950	6'671		71'626
Obligation to an associate					0
Financial liabilities and other obligations	3'331	70'247	3'297	12'016	88'891
Suppliers and creditors	139'426				139'426
State and other public authorities	42'234				42'234
Other financial liabilities and accrued expenses	39'733				39'733
Total	**288'420**	**123'353**	**91'804**	**374'475**	**878'052**

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. Matured accounts payable have been open for over 3 months. They amount to KCHF 8'229 in 2010 (KCHF 8'524 in 2009). 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.

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Exposure to credit risks	2'010	2'009
Derivatives through equity and the statement of comprehensive income	78'642	39'740
Loans and receivables	432'524	441'152
Available-for-sale financial assets	96	41
Total	**511'262**	**480'933**

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

Market risks

Interest rate risks

With borrowings subscribed at fixed or variable rates, SIG is confronted with 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.

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 quarterly 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 debt management, for forward purchases of electricity abroad and for other balance sheet items for which the basic 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 2009 and 2010, all other variables being constant.

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Sensitivity to risks

	Variation of the		Proportion of the variation		Impact on the net financial expenses		Impact on the hedging reserve
As at 31.12.2009							
Interest risk							
	interest rate	↗	0.2%			↗	240
	interest rate	↘	0.2%			↘	240
Exchange risk							
	EUR/CHF exchange rate	↗	10 cts	↘	18’669		
	EUR/CHF exchange rate	↘	10 cts	↗	18’104		
Price risk							
	price of electricity	↗	10%	↘	13’110		
	price of electricity	↘	10%	↗	12’002		
Aa at 31.12.2010							
Interest risk							
	interest rate	↗	0.5%			↗	908
	interest rate	↘	0.5%			↘	908
Exchange risk							
	EUR/CHF exchange rate	↗	10 cts	↘	1’066		
	EUR/CHF exchange rate	↘	10 cts	↗	1’066		
Price risk							
	price of electricity	↗	10%	↘	3’947		
	price of electricity	↘	10%	↗	3’385		

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

	Fair value		Amortized cost		
Aa at 31.12.2009	**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	22'803	41	60'470		12
Trade receivables from supplies and services			169'872		14
Other financial assets and prepayments	16'937		38'505		15
Cash and cash equivalents			172'305		16
Total value by category	**39'740**	**41**	**441'152**	**0**	
Non-current borrowings				365'667	20
Liabilities towards an associate				15'787	23
Financial liabilities and other obligations	31'259			53'592	24
Current borrowings				68'000	20
Suppliers and creditors				112'295	25
State and other public authorities				40'226	26
Other financial liabilities and accrued expenses	20'700			49'490	27
Total value by category	**51'959**	**0**	**0**	**705'057**	
As at 31.12.2010					
Financial assets	30'286	96	45'512		12
Trade receivables from supplies and services			176'772		14
Other financial assets and prepayments	48'356		35'303		15
Cash and cash equivalents			174'937		16
Total value by category	**78'642**	**96**	**432'524**	**0**	
Non-current borrowings				347'667	20
Liabilities towards an associate				0	23
Financial liabilities and other obligations	32'621			88'891	24
Current borrowings				18'000	20
Suppliers and creditors				139'426	25
State and other public authorities				42'234	26
Other financial liabilities and accrued expenses	39'005			39'835	27
Total value by category	**71'626**	**0**	**0**	**676'053**	

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

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Fair value of the financial instruments by level

As at 31.12.2009	Level 1	Level 2	Level 3	Total
Equity securities			41	41
Derivatives (assets)	29'743		9'997	39'740
Derivatives (liabilities)	-44'586	-3'425	-3'948	-51'959
Total	**-14'843**	**-3'425**	**6'090**	**-12'178**
As at 31.12.2010				
Other financial assets			96	96
Derivatives (assets)	12'461		66'181	78'642
Derivatives (liabilities)	-21'724	-24'625	-25'277	-71'626
Total	**-9'263**	**-24'625**	**41'000**	**7'112**

The accounting methods used to determine the fair value for the three levels of financial instruments above are described in the "Accounting principles" note.

Influence of derivatives on the balance sheet

31.12.2009	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	393	337	730	-730
Total derivatives at fair value through the statement of comprehensive income	22'803	16'937	39'740	30'866	20'363	51'229	-11'489
Total derivatives	**22'803**	**16'937**	**39'740**	**31'259**	**20'700**	**51'959**	**-12'219**
31.12.2010							
Total hedging instruments of cash flow through equity	0	0	0	904	0	904	-904
Total derivatives at fair value through the statement of comprehensive income	30'286	48'356	78'642	31'717	39'005	70'722	7'920
Total derivatives	**30'286**	**48'356**	**78'642**	**32'621**	**39'005**	**71'626**	**7'016**

The fair values of interest or exchange derivatives have been calculated by the relevant banks according to the market data observable at the balance sheet closing date. These instruments have been concluded with the aim of being held to maturity.

The maximum credit risk exposure at the closing date corresponds to the fair value of derivatives recorded as assets on the balance sheet.

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Influence of financial assets and liabilities on results

2009	Fair value: Derivatives through equity and the statement of comprehensive income	Fair value: Available-for-sale financial assets	Amortized cost: Loans and receivables	Amortized cost: Financial liabilities estimated at their amortised cost	Note
Interests				12'481	
Expenses and premiums	311		1'548	203	
(Gains)/losses on financial instruments	231				
Change in fair value	15'395				
Change in amortized cost of borrowings				551	
(Gains)/losses on exchange				-666	
Revenues from investments, equity securities, etc.		-4	-3'359		
Total	**15'937**	**-4**	**-1'811**	**12'569**	7
2010					
Interests				7'665	
Expenses and premiums	337		1'401	10	
(Gains)/losses on financial instruments	869				
Change in fair value	-19'931				
Change in amortized cost of borrowings					
(Gains)/losses on exchange					
Revenues from investments, equity securities, etc.		-4	-3'395		
Total	**-18'725**	**-4**	**-1'994**	**7'675**	7

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 on the lines corresponding to 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 on the line corresponding to energy purchases for resale on the statement of comprehensive income, as are hedged electricity purchases.

Influence of derivatives on hedging reserves

	Hedging reserves
Balance at opening	-2'249
2009 movements	
Matured hedging instruments	-16'065
Value variations	17'584
New hedging instruments	0
Balance as at 31.12.2009	**-730**
2010 movements	
Matured hedging instruments	337
Value variations	-446
New hedging instruments	-66
Balance as at 31.12.2010	**-905**

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Multiannual data

as at 31 December 2010

Simplified consolidated statement of income

(Values in MCHF)	2006*	2007*	2008	2009	2010
Revenues	929	897	1027	1038	1026
Expenses	-745	-873	-823	-809	-901
Operating profit	184	24	204	229	125
Net finance costs	-17	-8	-34	-28	9
Share of results of equity-accounted companies	18	79	65	541	68
Results before charges	185	95	235	742	202
Charges to public authorities	-71	-50	-72	-80	-78
Group net result	**114**	**45**	**163**	**662**	**124**

(Values in %)					
Revenues	100	100	100	100	100
Expenses	-80	-97	-80	-78	-88
Operating profit	20	3	20	22	12
Net finance costs	-2	-1	-3	-3	1
Share of results of equity-accounted companies	2	9	6	52	7
Results before charges	20	11	23	71	20
Charges to public authorities	-8	-6	-7	-8	-8
Group net result	**12**	**5**	**16**	**63**	**12**

** Without retreatment of the impact of the retroactive modification of the durations of use of property, plant and equipment*

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Simplified consolidated balance sheet

(Values in MCHF)	2006*	2007*	2008	2009	2010
Non-current assets	2376	2957	3454	3716	3791
Current assets less cash	209	231	285	275	310
Cash and cash equivalents	145	127	88	172	175
Current assets	354	358	373	447	485
Total assets	**2730**	**3315**	**3827**	**4163**	**4276**
Equity	1417	1671	2069	2465	2549
Non-current liabilities	1'003	1'013	1'384	1'369	1'391
Current borrowings	70	10	100	68	18
Current liabilities less current borrowings	240	621	274	261	318
Liabilities	1313	1644	1758	1698	1727
Total equity and liabilities	**2730**	**3315**	**3827**	**4163**	**4276**

(Values in %)					
Non-current assets	87	89	90	89	89
Current assets less cash	8	7	8	7	7
Cash and cash equivalents	5	4	2	4	4
Current assets	13	11	10	11	11
Total assets	**100**	**100**	**100**	**100**	**100**
Equity	52	50	54	59	60
Non-current liabilities	37	31	36	33	33
Current borrowings	2	0	3	2	0
Current liabilities less current borrowings	9	19	7	6	7
Liabilities	48	50	46	41	40
Total equity and liabilities	**100**	**100**	**100**	**100**	**100**

** Without retreatment of the impact of the retroactive modification of the durations of use of property, plant and equipment*

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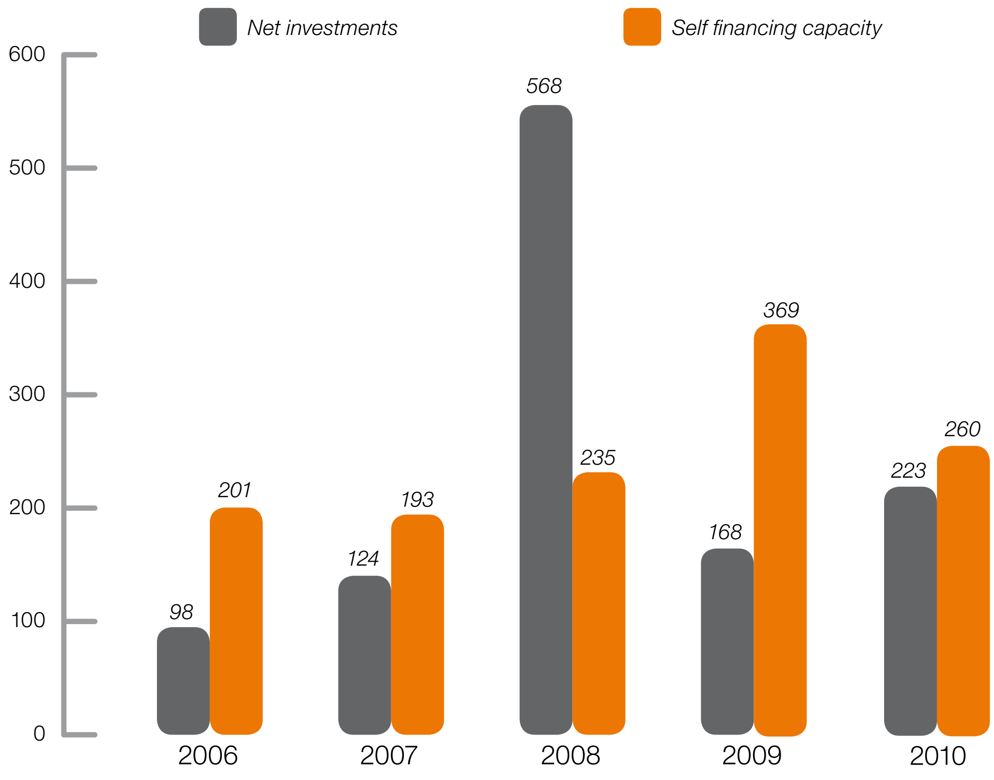
Self financing capacity

(Values in MCHF)	2006*	2007*	2008	2009	2010
Group net result	114	45	163	662	124
Non-monetary revenues and expenses	87	148	72	-293	136
Self financing capacity	**201**	**193**	**235**	**369**	**260**

** Without retreatment of the impact of the retroactive modification of the durations of use of property, plant and equipment*

Degree of self financing capacity of net investments

(Values in MCHF)	2006	2007	2008	2009	2010	Total
Investment expenditure (A)	98	124	568	168	223	1'181
Self financing capacity (B)	201	193	235	369	260	1'258
Ratio (B) / (A) in %	205	155	41	220	117	107



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Financial independence

Financial independence *(values in MCHF)*	2006*	2007*	2008	2009	2010
Equity	1'417	1'671	2'069	2'465	2'549
Liabilities	1'313	1'643	1'758	1'698	1'727
Ratio of financial independence *(in %)*					
Equity	52	50	54	59	60
Liabilities	48	50	46	41	40

** Without retreatment of the impact of the retroactive modification of the the durations of use of property, plant and equipment*

Borrowings

(Nominal values in MCHF)	2006	2007	2008	2009	2010
Borrowings as at 31.12	280	220	510	434	366
Reimbursement of borrowings	120	60	-290	76	68
(Values in %)					
Weighted mean of nominal interest rates	2.99	3.26	3.51	2.30	1.80