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# PRESS RELEASE

*Melle, 14 April 2016*

## FINANCIAL REPORT OF THE EANDIS-GROUP[1] AS PER 31 DECEMBER 2015

***PROFILE OF THE REPORTING ENTITY***

*Eandis cvba and its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and Synductis cvba (together the 'Eandis Group' or the 'Group') is the independent company that carries out operational tasks and public service obligations for electricity and gas at cost price for the Flemish distribution system operators (DSOs) Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas. The Group's result therefore is without any profit or loss.*

### HIGHLIGHTS[2]

- The VREG has **renewed the DSOs' license for gas distribution** for a twelve-year period (as from 14 October 2015). At the same time, the DSOs are allowed to call upon Eandis as their operating company for gas distribution.
- Focus on **balance sheet strengthening measures** after Electrabel's exit (December 2014). Municipal shareholders inject EUR 107,5 million additional share capital.
- Shareholders decide on some far-reaching changes to the **Group's structure**. The seven DSOs are merged into one single DSO 'Eandis Assets'. The Group will open up its share capital for a private shareholder, once the legal framework is in place.
- Eandis cvba changes its name into **Eandis System Operator** cvba.
- **Synductis**, the entity for synergies for infrastructural works, is on a remarkable growth trajectory.
- Eandis fully integrates its subsidiary **Indexis** by way of a merger by absorption (as from 1 January 2016). Indexis's operational activities will be fully integrated into Eandis's operations.

1 The Eandis-group comprises Eandis cvba and its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and Synductis cvba. The Eandis Economic Group also assembles the 7 Flemish DSOs for electricity and gas.
2 All comparisons are with the figures reported as per 31 December 2014, unless stated otherwise.

- **District heating projects** are promising, if certain conditions are met. Some projects are in the development phase. In a broader context, Eandis is assessing the future role of energy distribution in the inevitable energy transition.
- Both legislator and regulator created more certainty on the reduction and recovery of the existing **regulatory balances for green power and CHP certificates**.
- A decreasing level of activity is reflected in a **decreased headcount**: on average the Eandis Group employed 4.480 employees in 2015 (4.645 employees in 2014), or a 3,6% decrease.
- Eandis makes undiminished efforts towards more **cost efficiencies and operational excellence**.
- The 2015 **balance sheet** totals EUR 4.206,6 million (-13,5%); **operating revenues** amounted to EUR 1.044,1 million (- 4,7%) *[IFRS figures].*
- The **2015 safety results** were good. The frequency index of industrial accidents was down from 5,15 in 2014 to 3,16. The gravity index also scored better at 0,09 (down from 0,14 in 2014).
- Once again, **excellent grid reliability** figures were obtained in 2015. With a total average outage time of 20 minutes 36 seconds (24 minutes and 14 seconds in 2014) Eandis's best result ever was recorded.

**MANAGEMENT REPORT**

The Flemish regulator for the electricity and gas market VREG has once again licensed the 7 DSOs of the Eandis Group as **distribution system operator for gas** distribution in their operating areas. At the same time they were permitted to call upon Eandis as their operating company for this activity. The renewed licenses are valid for a period of twelve years as from October 2015.

In 2015 Eandis's shareholders took some far-reaching decisions on the **future group structure**. Firstly, they have decided to merge the current 7 DSOs within the Eandis Economic Group (Gaselwest, IMEA, Intergem, Imewo, Iveka, Iverlek and Sibelgas) into one single DSO with the name Eandis Assets. For the time being the distribution grid tariffs of the ex-DSOs are maintained. With this decision an important step is taken towards a further rationalization of the energy distribution in the Flemish region. It also creates more transparency. The DSO merger does not in any way change the services for end consumers. The internal governance and decision making process will to a high degree remain intact as well. The major change is that only one Board of Directors for Eandis Assets will replace the former 7 individual DSO Boards. The Regional Governing Committees will remain competent for all local matters, and they will also become competent for tariff matters as long as separate tariffs for each ex-DSO are maintained.

A second major decision is that Eandis Assets' share capital will be opened up for a **private shareholder** as soon as the legal framework is in place. This requires an amendment to the Flemish Decree on Intermunicipal Cooperation of 6 July 2001. The process for attracting such a private investor was launched in 2015. In any case, this private partner will have to conform to a number of legal constraints on share capital participation and governance rights. Energy producers and suppliers are ruled out. The participation of a private investor through a capital increase at Eandis Assets will reinforce the overall balance sheet of the Economic Group.

At the occasion of the creation of Eandis Assets at an Extraordinary General Assembly of Eandis cvba (December 2015) the name of the company was changed into **Eandis System Operator** cvba. Its mission as operating company did not change.

At the time, Electrabel’s exit from the Eandis Economic Group (December 2014) was financed with additional debt, which increased the Group’s leverage. That is why the governing bodies have decided to work out **balance sheet strengthening measures**. One of the most visible elements was the **capital increase within the DSOs** which was offered to the municipalities in the course of 2015. A total amount of EUR 90,7 million was raised by the local authorities (EUR 61,6 million in January 2015 and EUR 29,1 million in June 2015 during a second round at the same conditions). In **Sibelgas**, a capital increase of EUR 26,9 million was realized and a capital decrease of EUR 10 million, which brings the total amount of additional capital on EUR 107,5 million.

Eandis’s **rating** with the rating agency Moody’s remained unchanged throughout 2015 at A1 with a negative outlook. A number of measures were put forward to support and reinforce this rating.

Taking into account the start of the federal clearing house Atrias, scheduled for 2018, it was decided to **fully integrate the subsidiary Indexis** into Eandis’s operations. This integration was the best solution for all parties concerned (shareholders and staff) for the period until the operational start of Atrias. This integration was realised by way of a merger by absorption of Indexis by Eandis, taking effect as from 1 January 2016. This means that all employees and all activities of Indexis have been taken over by Eandis. The consolidation perimeter of Eandis System Operator will be adapted accordingly as from the financial year 2016.

2015 was the first year of the two-year **tariff transitory period** 2015-2016, based on the VREG tariff methodology. It must be pointed out that the DSOs could start with the recovery through the distribution grid fee of the outstanding regulatory balances dating back to 2008-2009. Half of this amount was recovered in 2015, the other half will be recovered in 2016. The recovery of the outstanding amounts for the period as from 2010 has been decided in principle, but the exact modalities for this reduction (in particular the timing of the full recovery of these amounts by the DSOs) are still under discussion with the regulator.

Eandis is in permanent dialogue with the Flemish energy regulator with the aim to safeguard the interests of Eandis, the DSOs and their shareholders to a maximum degree.

In 2015 the 7 DSOs from the Eandis Group have realized **investments in distribution grid infrastructure** totaling EUR 493,3 million, or a decrease of 10,2% compared to 2014 (EUR 549,3 million). The 2015 decrease reflects the downward trend of investment and activities in the sector which started a few years ago. It is caused by less investments by the public authorities and the termination of some multi-annual investment programmes (of which the increased connectivity to the gas distribution grid and the replacement of grid infrastructure dating back to the 60’s and 70’s of the previous century are the most prominent). Investments in the **electricity grids** amounted to EUR 331,8 million (minus 9,4% compared to 2014) and in the **gas grids** of EUR 161,5 million (minus 11,8%).

Paramount to the investments discussed above, the Group's **consolidated revenues** (IFRS) decreased with 4,8% to EUR 1.026,5 million.

Eandis management is aiming at **cost efficiencies and operational excellence**. After the success of the company-wide efficiency action plan FIT, it was decided to continue the effort under the motto 'Breakthrough FIT'. Through these actions Eandis first and foremost wants to be able to offer safe, reliable and affordable distribution grid services.

Eandis has defined the **battle against energy poverty** as one of its strategic goals. The company has therefore allocated considerable means, partly as an element of the DSOs' social public service obligations. In 2015 Eandis noticed a small decrease in the number of social supplier customers: minus 1,4% for electricity and minus 1,7% in gas. This is an encouraging evolution.

One of the instruments to promote the ecologically and economically responsible way of using scarce energy is the subsidy mechanism for the **Rational Use of Energy** (RUE). Both the number of subsidies paid out and the total amount of these subsidies showed a remarkable increase over 2015. The number of subsidies increased with 24,6% to 103.989. The total subsidy amount even increased with 34,1% to EUR 72,8 million.

**District heating** is often in the picture as one of the possible means towards a more sustainable use of energy. In Flanders, several initiatives have come to the surface to study and realise the construction of a local district heating grid. Eandis wants to be an active partner in those initiatives, but emphasises that a number of essential conditions have to be met before such a project becomes an economically and energetically acceptable investment. One of these conditions is the permanent availability of a heat supplier in the immediate vicinity of the heat consumption. From a technical point of view a district heating project is quite similar to a gas grid for Eandis.

**Synductis**, an Eandis subsidiary (Eandis stake of 33%), showed remarkable growth in 2015. As a consequence of the association of both the prominent telecom operator Proximus and the water company Pidpa, the operations of Synductis could be considerably extended and reinforced. Operationally, progress was made in striving towards more synergy and cost advantages in the activities of utilities from different sectors. For the citizens and their local authorities Synductis is a guarantee for an actively pursued policy of less hindrance.

The decline in the general activity and investment volume in electricity and gas distribution grid management is also reflected in a **decrease of the average headcount** of the Eandis group. In 2015 we saw a decline with 3,6% to 4.480 employees (i.e. the average employment over 2015 at the Eandis Group). This is the third decline in a row. The majority of these employees are employed at the parent company Eandis: at the end of 2015 the headcount stood at 4.041 employees, or 3.869,22 full-time equivalents.

The 2015 **safety results** were up to expectation. The frequency index for 2015 stood at 3,16 (down from 5,15 for 2014). The gravity index for 2015 came in at 0,09 (0,14 in 2014). We recorded one major fluidum accident when carrying out maintenance work in a transforming station (in 2014 there were six fluidum accidents). The positive results have led to a considerable reduction of working days lost, from 843 days lost in 2014 to 537 in 2015. Nevertheless, management does not cease to insist on safe work, always and in all circumstances.

The **reliability of the electricity grid** posted a new positive record figure in 2015. Total average outage time was 20 minutes 36 seconds (in 2014 it was 24 minutes and 14 seconds). In a few years' time Eandis was able to reduce the outage frequency from once every two years to once every three years.

## KEY DATA

| *E = electricity / G = gas* | **2015** | **2014** | **Change (%)** |
|---|---|---|---|
| **FINANCIALS (consolidated, IFRS)** | | | |
| Balance sheet total (1.000 EUR) | 4.206.595 | 4.862.137 | - 13,5 |
| Revenue (1.000 EUR) | 1.026.543 | 1.078.779 | - 4,8 |
| **TECHNICAL** | | | |
| Net length E (km) | 97.312 | 96.408 | + 0,9 |
| Net length G (km) | 42.598 | 42.238 | + 0.9 |
| E connections | 2.641.551 | 2.616.357 | + 1,0 |
| G connections | 1.740.197 | 1.706.223 | + 2,0 |
| Public lighting (lamps) | 845.250 | 842.758 | + 0,3 |
| **SOCIAL** | | | |
| E connections social supplier | 60.655 | 61.525 | - 1,4 |
| G connections social supplier | 47.138 | 47.942 | - 1,7 |
| E active budget meters | 32.506 | 33.734 | - 3,6 |
| G active budget meters | 23.725 | 24.180 | - 1,9 |

## RISK FACTORS

The Group's financial risks and their possible negative impact are largely limited by the way Eandis is executing its tasks as the DSOs' operating company. The Group focuses its risk policy on minimizing the potentially negative impact of risks on the Group's financial situation and results.

As to the **interest risk**, up to the reporting date Eandis has issued all of its bonds with a fixed rate annual coupon.

The **credit risk** is the risk that a party involved in a financial instrument does not meet its obligations, which may result in a financial risk or loss with the counterparty. The Eandis Group is closely monitoring this risk and has therefore opted for a diversification of counterparties. At balance sheet date, there was no major concentration of credit risks. The maximum credit risk is the balance sheet value of each financial item.

The **liquidity risk** is the risk that the Group cannot meet its financial obligations. The Group is actively reducing this specific risk by continuously monitoring its cash flows and by ensuring that the Group can at all times rely on sufficient credit facilities. In this respect, the Group has entered into a number of credit facility contracts with banks and financial institutions. The proceeds of the bond loans issued by Eandis are integrally passed on to the DSOs under the same conditions as the bond loans themselves.

Eandis is not substantially exposed to the **currency risk**, as all current contracts are in euro.

The **other risk factors** are described in the Annual Reports 2015 and 2014, as well as in the EMTN programme base prospectus dated 25 November 2014. All of these documents can be consulted on the company's website, under the heading 'Investor Relations'.

## CORPORATE BODIES AND MANAGEMENT COMMITTEE

There has been one change to the composition of the **Board of Directors** during 2015. Mr Christoph D'Haese resigned on 19 November 2015. On 31 December 2015 the Board of Directors was composed as follows (*between brackets the DSO represented by each director*)*:*

> *Chairman: Piet Buyse (Intergem)*
> *Vice-Chairmen: Koen Kennis (IMEA), Geert Versnick (Imewo) and Louis Tobback (Iverlek)*
> *Members: Jean-Pierre De Groef (Sibelgas), Christof Dejaegher (Gaselwest), Paul Diels (Iveka), Greet Geypen (Iverlek), Luc Janssens (IMEA), Piet Lombaerts (Gaselwest), Luc Martens (Gaselwest), Katrien Partyka (Iverlek), Ilse Stockbroekx (Iveka), Sven Taeldeman (Imewo) and Filip Thienpont (Imewo).*
> *There is one vacancy.*

There have been no changes in the composition of Eandis's **Management Committee**:

> *Chairman: Walter Van den Bossche (CEO)*
> *Members: Guy Cosyns (Customer Operations), Wim Den Roover (Network Operations), Jean Pierre Hollevoet (Network Management), David Termont (CFO; Finance & ICT Management), Donald Vanbeveren (Regulation & Strategy) and Werner Verlinden (HR & Organisational Management).*

## RELATED PARTIES TRANSACTIONS

The parent company's directors were awarded a total gross remuneration (including allowances for transport costs) of EUR 55.885,96 in 2015. No other benefits in kind, share options, loans or advances have been granted to them. The Board of Directors has convened nine times during 2015.

Total remuneration for the members of Eandis's Management Committee for 2015 amounted to EUR 3.506.171,00, including pension costs of EUR 786.435,55.

## MAJOR EVENTS AFTER THE REPORTING DATE

Nomination of a director

On 24 February 2016, Mr David COPPENS was provisionally nominated as member of the Board of Directors of Eandis System Operator cvba, replacing Mr D'Haese who had resigned. Mr Coppens' final nomination will be submitted for approval to the General Assembly on 29 April 2016.

**OUTLOOK**

In Eandis's judgment and barring unforeseen economic developments, the financial outlook for 2016, including the investment programme and the approved projects on smart metering/smart grids, will remain stable within the framework of the transitory tariff period 2015-2016.

There should be no substantial differences vis-à-vis the defined objectives.

**REPORTING STATUS**

This financial report for the period ended 31 December 2015 was approved for publication by Eandis's Board of Directors on 23 March 2016.

Eandis's Annual Financial Report can be consulted on the company's website (www.eandis.be, see 'Investor Relations').

On 23 March 2016, Eandis's statutory auditor, Ernst & Young Bedrijfsrevisoren represented by Mr Paul Eelen, issued an unqualified audit opinion on the parent company's financial statements for the twelve-month period ending on 31 December 2015, stating that these financial statements have been prepared in accordance with BE-GAAP.

On 23 March 2016, Eandis's statutory auditor, Ernst & Young Bedrijfsrevisoren represented by Mr Paul Eelen, issued an unqualified audit opinion on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for the year ending on 31 December 2015.

**STATEMENT BY THE RESPONSIBLE PERSONS**

*The undersigned persons state that, to the best of their knowledge,*

- *the financial statements of Eandis cvba and its consolidated subsidiaries as of 31 December 2015 have been prepared in accordance with the applicable standards for financial statements, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and*
- *that the management report gives a fair overview of the development of the company's results and of the position of Eandis and its consolidated subsidiaries, and also describes the major risks and uncertainties to which they are exposed.*

*Melle, 23 March 2016,*

| | |
|---|---|
| ***David TERMONT,*** | ***Walter VAN DEN BOSSCHE,*** |
| *CFO* | *CEO, Chairman of the Management Committee* |

**ANNEX**

IFRS financial statements for the full year ended 31 December 2015:

- Income statement
- Statement of comprehensive income
- Balance sheet
- Statement of changes in equity
- Cash flow statement
- Notes to the consolidated financial statements
- Information concerning the parent company

**CONTACT**

*Eandis cvba, Brusselsesteenweg 199 – B-9090 Melle*

*VAT number: BE 0477.445.084*

**Press**

Simon VAN WIJMEERSCH, tel. +32 9 263 45 54 - mail: simon.vanwijmeersch@eandis.be

**Investor Relations**

Koen SCHELKENS, tel. +32 9 263 45 04 - mail: investors@eandis.be

# EANDIS Group

# Consolidated Financial Statements IFRS

## Year end 31 December 2015

# Content

# Consolidated Financial statements

# Consolidated statement of profit or loss

| (In thousands of EUR) | Notes | 2015 | 2014 |
|---|---|---|---|
| **Operating revenue** | **3** | **1.044.062** | **1.095.109** |
| Revenue | | 1.026.543 | 1.078.779 |
| Other operating revenue | | 17.519 | 16.309 |
| Own construction capitalized | | 0 | 21 |
| **Operating expenses** | | **-1.023.479** | **-1.076.355** |
| Changes in inventories of finished goods and raw materials | | -79.785 | -102.425 |
| Cost for services and other consumables | 4 | -570.927 | -587.455 |
| Employee benefit expenses | 5 | -368.432 | -383.309 |
| Depreciation, amortization and changes in provisions | 8, 9, 14 | -3.926 | -2.952 |
| Other operational expenses | | -409 | -214 |
| **Result from operations** | | **20.583** | **18.754** |
| Finance income | 6 | 109.431 | 92.749 |
| Finance costs | 6 | -119.552 | -107.340 |
| **Profit (loss) before tax** | | **10.462** | **4.163** |
| Income tax expenses | 7 | -10.462 | -4.163 |
| **Result for the period** | | **0** | **0** |

# Consolidated statement of comprehensive income

| (In thousands of EUR) | Notes | 2015 | 2014 |
|---|---|---|---|
| **Result for the period** | | **0** | **0** |
| **Other comprehensive income** | | | |
| **Items not to be reclassified to profit or loss in subsequent periods** | | | |
| Actuarial gains (losses) on long term employee benefits | 19 | 51.003 | -38.824 |
| Actuarial gains (losses) on rights to reimbursement on long term employee benefits | 19 | -51.003 | 38.824 |
| **Net other comprehensive income not being reclassified to profit or loss in subsequent periods** | | **0** | **0** |
| **Total comprehensive income for the period** | | **0** | **0** |

# Consolidated statement of financial position

| (In thousands of EUR) | Notes | 2015 | 2014 |
|---|---|---|---|
| **Non-current assets** | | **3.756.646** | **3.851.797** |
| Intangible assets | 8 | 1.204 | 1.349 |
| Property, plant and equipment | 9 | 2.512 | 3.474 |
| Investments in associates | 10 | 11 | 5 |
| Other investments | 11, 22 | 919 | 1.092 |
| Rights to reimbursement on post-employment employee benefits | 12 | 331.250 | 425.074 |
| Long term receivables | 13 | 3.420.750 | 3.420.803 |
| **Current assets** | | **449.949** | **1.010.340** |
| Inventories | 14 | 45.316 | 34.199 |
| Trade and other receivables | 15, 22 | 255.506 | 967.235 |
| Receivables cash pool activities | 15 | 145.492 | 0 |
| Cash and cash equivalents | 16, 22 | 3.635 | 8.906 |
| **TOTAL ASSETS** | | **4.206.595** | **4.862.137** |
| **EQUITY** | 17 | **1.099** | **1.099** |
| **Equity attributable to owners of the parent** | | **20** | **20** |
| Share capital and reserves | | 20 | 20 |
| **Non-controlling interest** | | **1.079** | **1.079** |
| **LIABILITIES** | | **4.205.496** | **4.861.038** |
| **Non-current liabilities** | | **3.726.010** | **3.817.437** |
| Interest bearing loans and borrowings | 18, 22 | 3.394.760 | 3.392.363 |
| Employee benefit liability | 19 | 331.250 | 425.074 |
| **Current liabilities** | | **479.486** | **1.043.601** |
| Interest bearing loans and borrowings | 18, 22 | 225.238 | 0 |
| Government grants | 20 | 0 | 0 |
| Trade payables and other current liabilities | 21 | 236.859 | 201.958 |
| Liabilities cash pool activities | 21 | 11.400 | 838.735 |
| Current tax liabilities | 21 | 5.989 | 2.908 |
| **TOTAL EQUITY AND LIABILITIES** | | **4.206.595** | **4.862.137** |

# Consolidated statement of changes in equity

| (In thousands of EUR) | Notes | Share capital | Reserves | Equity attributable to owners of the parent | Non-controlling interest | Total |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | | **18** | **2** | **20** | **1.079** | **1.099** |
| Result for the period | | 0 | 0 | **0** | 0 | **0** |
| Other comprehensive income | | 0 | 0 | **0** | 0 | **0** |
| **Subtotal** | | **0** | **0** | **0** | **0** | **0** |
| **Balance at 31 December 2014** | **17** | **18** | **2** | **20** | **1.079** | **1.099** |
| Result for the period | | 0 | 0 | **0** | 0 | **0** |
| Other comprehensive income | | 0 | 0 | **0** | 0 | **0** |
| **Subtotal** | | **0** | **0** | **0** | **0** | **0** |
| **Balance at 31 December 2015** | **17** | **18** | **2** | **20** | **1.079** | **1.099** |

# Consolidated statement of cash flows

| (In thousands of EUR) | Notes | 2015 | 2014 |
|---|---|---|---|
| Result for the period | | 0 | 0 |
| Amortization of intangible assets | 8 | 478 | 729 |
| Depreciation on property, plant and equipment | 9 | 1.169 | 2.204 |
| Impairment on current assets (Reversal-; Recognition +) | 22 | 2.279 | 19 |
| Gain or loss on realization receivables | | 163 | 0 |
| Net finance expense | 6 | 10.121 | 14.817 |
| Gain or loss on sale of property, plant and equipment | | 0 | 75 |
| Movement in government grants | 20 | 0 | -226 |
| Income tax expense (income) | 7 | 10.462 | 4.163 |
| Operating cash flow before changes in working capital and provisions for employee benefits | | 24.672 | 21.781 |
| Change in inventories | 14 | -11.117 | -2.191 |
| Change in trade and other receivables | 15 | 708.933 | -902.774 |
| Change in trade payables and other current liabilities | 21 | 35.490 | -54.700 |
| Net operating cash flow | | 733.306 | -959.665 |
| Interest paid | | -117.743 | -90.611 |
| Interest received | | 109.149 | 76.539 |
| Financial discount on debts | **6** | 460 | 665 |
| Income tax paid | 7 | -7.381 | -3.195 |
| **Net cash flow from/used in operating activities** | | **742.463** | **-954.486** |
| Proceeds from sale of property, plant and equipment | 9 | 0 | 15 |
| Purchase of intangible assets | 8 | -333 | -487 |
| Purchase of property, plant and equipment | 9 | -208 | -1.423 |
| Purchase of financial assets | 11 | 0 | -104 |
| Proceeds from sale of other investments | 11 | 387 | 0 |
| Net investment in other long term receivables | 13 | 9 | -23 |
| **Net cash flow from/used in investing activities** | | **-145** | **-2.022** |
| Issuance of bonds | 18 | 0 | 1.274.998 |
| Proceeds from short term loans and borrowings | 18 | 225.238 | -226.317 |
| Change in cash pool | 15, 21 | -972.827 | 1.201.737 |
| Provide long term loans | 13 | 0 | -1.290.000 |
| **Net cash flow from/used in financing activities** | | **-747.589** | **960.418** |
| **Net increase/decrease in cash** | | **-5.271** | **3.910** |
| **Cash and cash equivalents - at beginning of period** | | **8.906** | **4.996** |
| **Cash and cash equivalents - at end of period** | | **3.635** | **8.906** |

# Notes to the consolidated financial statements

## 1. Corporate information

Eandis, a limited liability partnership ('coöperatieve vennootschap met beperkte aansprakelijkheid'/'société coopérative à responsabilité limitée') under Belgian law, is registered in Belgium, at Brusselsesteenweg 199, 9090 Melle. It is registered under number 0477.445.084 in the central enterprise register of Ghent. Eandis and its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and SYNDUCTIS cvba together form the 'Group'.

The shareholders of Eandis cvba are seven Distribution System Operators or DSOs in the Flemish region (Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas), that are distributing both electricity and gas (the 'Flemish DSOs'). The role of Eandis is limited mainly to the development, the operation and the maintenance for the Flemish DSOs of the low voltage and mid voltage distribution networks for electricity as well as their low pressure and mid pressure distribution networks for gas. The grid assets themselves remain owned by the Flemish DSOs that are also the holders of the electricity and gas distribution system operator licences granted by the Flemish energy regulatory authority, VREG.

Eandis cvba operates in 234 cities and municipalities, mostly in the Flemish Region (Belgium), and the Group employed during 2015 on average 4.480 persons. The company carries out its operational activities at cost price without charging any commercial margin to the Distribution System Operators. This means that all costs incurred are passed through to the Flemish DSOs according to fixed allocation rules. Each month Eandis cvba invoices each of the Flemish DSOs for the operational services rendered. The result of the Group is without profit or loss.

The Flemish DSOs have appointed Eandis cvba as their operating company.
The Flemish energy regulator (VREG) decided in 2015 to grant permission to the distribution system operators Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas to call on the services of the operating company Eandis cvba for electricity and gas. This authorisation shall apply from 5 September 2014 for electricity and from 14 October 2015 for gas for a period of twelve years.
For more information, visit our website www.eandis.be

On 5 October 2015 an amendment to the articles of association was proposed by the Board of Directors of Eandis, which will be submitted to an extraordinary general meeting of shareholders, to change the name of Eandis in 'Eandis System Operator (ESO)' (see note 'Events after the balance sheet date').

The consolidated financial statements of Eandis for the year ended 31 December 2015, contain the information on the parent company and its subsidiaries (see note 'List of group entities included in the consolidation').

This financial report for the financial year ended 31 December 2015 was approved on 23 March 2016 by the Board of Directors.

# 2. Summary of significant accounting policies

## 2.1. Statement of compliance and basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standard Board (IASB) and endorsed by the European Union on 31 December 2015. The Group has not applied new IFRS requirements that are effective after 2015.

The consolidated financial statements were expressed in thousands of euro, which is the functional currency and presentation currency of the Group. They have been prepared with the assumption that business activities will be continued and under the historical cost convention method unless otherwise stated.

## 2.2 Principles of consolidation

The consolidated financial statements comprise all subsidiaries over which the Group has control. There is control when the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Such a form of control exists when Eandis cvba, directly or indirectly, holds more than half of the voting rights in the entity. The existence and impact of potential voting rights that were exercisable or convertible at that time, are being taken into consideration when judging whether the Group has the control to determine the financial and operating policies of another entity.

Subsidiaries have been fully consolidated as of the date on which the Group gained actual control until the date the Group no longer exercises such control.

The financial reporting of the subsidiaries is prepared for the same reporting year as that of the parent company, using consistent accounting principles. All intercompany transactions, balances and unrealized gains and losses between group companies have been eliminated.

Non-controlling interest in the net assets of the consolidated subsidiaries has been individually reported in equity of the parent company. Non-controlling interest consists of the amount of that interest at the acquisition date and the non-controlling share in the equity changes since the date of the business combination. Losses relative to the minority higher than the non-controlling interests in the subsidiary’s equity have been allocated to the Group’s interests with the exception of those cases in which the minority has a binding obligation to make additional investments to compensate for the losses and is able to do so.

An overview of the subsidiaries of the Group is set out in note ‘List of group entities included in the consolidation’.

## 2.3 Segment reporting

The Group does not distinguish between different segments, neither at the level of activities, nor geographically, since the Group generates income as operating company for the Flemish DSOs.

## 2.4 Significant accounting policies

As from 1 January 2015 a new accounting system was introduced. The reporting model was adopted to adhere to new structures (being future proof). Certain transactions, previously recorded in the DSOs, are now recorded in Eandis, such as billing to customers (excluding social suppliers), all transactions regarding green energy (green energy certificates and cogeneration certificates), application of the VAT-unit in Eandis and the application of customized allocations. These changes have an impact on the valuation of certain items of the balance sheet and shifts on line items of the profit and loss account. There is however no effect on the overall result, which remains at zero, as a result of the principle to fully pass on all of the costs to the Flemish distribution system operators.

The applied accounting policies are in accordance with last year's accounting principles subject to the extension for the above mentioned transactions.

### a) Revenue recognition

*Revenue* is recognized when it is probable that the economic benefits associated with the transaction will flow to the company provided that the income can be measured reliably and its collection is likely.

*Goods sold and services rendered*
The proceeds from the sale of goods and services rendered are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

*Finance income* includes mainly interest realized from borrowing funds from the bond issuances and from the cash pool activities. This interest is recognized when acquired and for the period to which it refers (taking into account the effective interest rate of the asset) unless collectability is doubtful.

*Dividends received* are recognized in the income statement at the moment they are granted.

*Government grants* are recognized in the balance sheet as soon as it is reasonably certain that the grant will be received and that all of the conditions attached to them will be complied with.
Grants related to an asset are included in government grants and will be recognized in the income statement on a systematic basis over the expected useful life of the related asset.
Grants related to expenses are presented in the income statement as other operating income in the same period in which the costs are included.

### b) Finance costs

*The finance costs* include interest on loans, calculated using the effective interest rate method and bank charges. All interest and other costs incurred in connection with loans or other financial transactions such as hedging options are recognized as financial expenses when they occur.

*The income tax of the year* comprises the tax charge payable. The tax on profit is recognised in the income statements. The current tax expenses are the expected current taxes payable on the taxable income for the year, based on tax rates in effect at the balance sheet date and any adjustment to current taxes payable from previous years.

### c) Intangible assets

Intangible assets are measured at cost less any accumulated amortizations and impairment losses.
Intangible assets with a finite useful life are amortized on a straight-line basis over the expected useful life.

The following amortization percentage based on the estimated useful life is used:

| | |
|---|---|
| Software | 20,00 % |

### d) Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. The historical cost comprises the initial purchase price and any costs directly attributable to bringing the asset to the condition necessary for it to be operational in the manner intended by management.

*Depreciation*
Depreciation is recognized monthly in profit or loss on a straight-line basis as of the month following the date of bringing into use. Depreciation is calculated over the estimated useful life of each component of an item of property, plant and equipment.

The applied depreciation percentages on the basis of the average useful life are as follows:

| | |
|---|---|
| Office furniture and equipment | 10,00 % |
| Leasehold improvement | 11,12 % |
| Computer equipment and hardware | 20,00 % and 33,33 % |
| Test equipment (Electronic Vehicles in Action) | 50,00 % |
| Charging station for electric vehicles | 10,00 % |
| Motor- & bicycles | 20,00 % |

*Repair and maintenance costs* that do not increase the future economic benefits, are recognized in the income statement as expenses incurred.

*Gains and losses on sale*
Any gain or loss arising from the sale of property, plant and equipment is included in the income statement. They are recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

*Leasing*
Lease of assets under which all the risks and rewards incidental to ownership are substantially retained by the lessor, is classified as operational lease.
Lease payments based on operational leases are expensed on a straight-line basis, unless another systematic method is more representative for the time pattern of the benefits for the user.

*Impairment*
For each of the Group's property, plant and equipment it is assessed on each balance sheet date whether there are any indications of impairment for a particular asset. If any such indications existed, the recoverable amount of the asset had to be estimated.

Impairment has been recognized if an asset's carrying amount exceeded the recoverable value. Impairment has been charged directly to the income statement.

## e) Investments

All investments are accounted for at trade date.

Investments in equity securities are undertakings in which the Group does not have significant influence or control. This is the case for companies where the Group holds less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are at initial recognition measured at fair value, unless the fair value cannot be reliably determined in which case they are measured at cost.

An impairment is recognized if the carrying amount exceeds the expected realizable value.

## f) Inventories

Inventories are measured at purchase cost. Their value is determined using the moving weighted average method.
An impairment is carried out for consumption goods or necessities that, due to their obsoleteness, are no longer usable for exploitation purposes or of which the estimated sale price is below the net realizable value. These impairments are recognized as an expense in the period in which the impairment occurred. If items of inventory have not been used for more than a year, a loss of 100,00 % is recorded.
This impairment loss is recognized as an expense in the income statement.

## g) Trade and other receivables

Trade and other receivables are measured at their amortized cost.
In the case of a bankruptcy or judicial reorganization the receivable is immediately impaired and the value added tax recovered, on the basis of a certificate obtained from the curator or a publication of the closing of the bankruptcy in the annex to the Belgian Official Gazette.
The receivable of the work carried out and delivered services, with the exception of, on the one hand, the damages handled by the legal department and, on the other hand, the receivables from the affiliated municipalities, which are overdue for more than 6 months are recognized as doubtful and therefore impaired at 100% (excluding VAT).
Receivables are permanently impaired (written off) using the provision for bad debts that was set up for this purpose as soon as certificates, provided by bailiffs, lawyers or debt collection agencies can demonstrate that there is no recoverability possible. Also when it can be revealed that the revenue associated with a possible recovery does not compensate (i.e. not economically justified) the costs for this recovery, the receivable is completely impaired using the provision which was set up for this purpose.

The impairment losses are recognized in the income statement.

## h) Cash and cash equivalents

Cash and cash equivalents comprise the readily available cash resources, deposits that can be immediately withdrawn and other short term, highly liquid investments (with a maximum maturity of 3 months), that are readily convertible to known amounts of cash. They are stated at face value, which approximates their fair value. For the purpose of the cash flow statement, they are presented as cash and cash equivalents.

## i) Employee benefit liability

*Pension plans and other post-employment benefits*

The contributions for defined contribution plans have been recognized as an expense at the moment when incurred including possible deficits to the minimum guaranteed return. These pension plans are subject to the Act of 28 April 2003 regarding additional pensions and the tax regime of these pensions and of some additional social security benefits (the ‘W.A.P./L.P.C.’). According to Article 24 of this Act, the Group has to guarantee an average minimum return of 3,75 % on employee contributions and of 3,25 % on employer contributions.
Starting from 2016 the yield guaranteed will be adopted as a consequence of a change in the law (see note ' Pensions and other post-employment benefit plans’).
These kinds of pension plans are valued by using the intrinsic value. Any individual difference between the mathematical reserve and the minimum guaranteed amount will be recorded as a liability in the financial statements.

The Group’s liabilities for the defined benefit plans, as well as for the subsequent costs, have been valued on the basis of the ‘Projected Unit Credit’ method. The amount recognized in the

balance sheet represents the present value of the pension liabilities (Defined Benefit Obligation) mentioned, less the fair value of plan assets.
Remeasurements comprise actuarial gains and losses, and the return on plan assets (excluding interest) which is reflected in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognized in profit or loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.
The amounts recognized in the income statement comprise service costs (including current service costs, past service costs, gains and losses on other long term employee benefits as well as curtailments and settlements), net interest expense or income and remeasurement.
The Group presents the first two components of the defined benefit costs in profit or loss on the line item Employee benefit expenses and Other financial results.

*Other long term employee benefits contain provisions for retirement and jubilee bonuses.*
These benefits are treated in the same manner as pension plans; however, past service costs and actuarial gains and losses have immediately been recognized in the income statement.

All pension liabilities are annually valued by a qualified actuary.

### j) Loans and borrowings

Interest bearing loans are recognized initially at fair value. Subsequent to initial recognition, interest bearing loans are valued at amortized cost, in which any difference between the proceeds and the reimbursement is charged to the income statement using the effective interest method over the maturity of the loans.

### k) Trade and other liabilities

Trade and other liabilities have been stated at amortized cost.

### l) Current tax liabilities

Tax liabilities comprise the expected tax liability on the taxable income of the year and adjustments to the tax liabilities of prior years. For the calculation of the taxes, the tax rates were used that were enacted (or substantially enacted) by the end of the reporting period.

## 2.5 Summary of the changes in accounting policies

The following standards, interpretations and amendments are applicable for the accounting period beginning on 1 January 2015. As required, those adjustments on the accounting policies are detailed below.

- Improvements to IFRS (2011-2013), applicable for annual periods beginning on or after 1 January 2015
- IFRIC 21 *Levies*, applicable for annual periods beginning on or after 17 June 2014

## 2.6 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts of revenue and expenses. The estimates and the underlying assumptions have been based on past experience and several other factors that are believed to be reasonable given the circumstances. The results thereof form the basis for the judgment on the carrying amount of assets and liabilities that could not be deduced in a simple way from other sources. The actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

**Defined benefit plans and other long term employee benefits**
The cost of the defined benefit pension plans and other long term employee benefits and the present value of the pension obligation are determined using actuarial valuations. This involves making various assumptions that may differ from actual developments in the future.
Due to the complexity of the actuarial calculations and the long term nature of the obligation, the defined benefit obligation is highly sensitive to changes in the assumptions.
The major assumptions and the sensitivity analysis are disclosed in note 'Pensions and other post-employment benefit plans'.

## 2.7 Standards issued but not yet effective

The following standards and interpretations were published, but were not yet applicable for the annual period beginning on 1 January 2015.

- IFRS 9 *Financial Instruments* and subsequent amendments, applicable for annual periods beginning on or after 1 January 2018 but not yet endorsed by the EU
  This standard was issued in the framework of a wider project to replace IAS 39. IFRS 9 prevents but simplifies the mixed valuation model and suggests two primary valuation classes for financial assets: amortized cost and fair value.

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities*: Applying the Consolidation Exception, effective 1 January 2016 but not yet endorsed by the EU

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective 1 January 2016 but not yet endorsed by the EU

- Amendments to IFRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*, effective 1 January 2016

- IFRS 14 *Regulatory Deferral Accounts,* effective 1 January 2016 but not yet endorsed by the EU
  IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

- IFRS 15 *Revenue from Contracts with Customers*, effective 1 January 2018 but not yet endorsed by the EU
  IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the

consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative, effective 1 January 2016 but not yet endorsed by the EU

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants, effective 1 January 2016

- Amendments to IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions, effective 1 February 2015

- Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements, effective 1 January 2016 but not yet endorsed by the EU

- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015

- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016 but not yet endorsed by the EU

The Group will apply the new standards and interpretations applicable to its financial statements as soon as they become effective. The Group has not opted for early application of these standards and interpretations.
The adoption of these standards, interpretations and amendments to the standards already issued and their impact on the Group's results are currently being assessed.

## 3. Operating revenue

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Recharge of costs to the distribution system operators | 1.016.208 | 1.063.534 |
| Construction works for third parties | 10.335 | 15.245 |
| **Revenue** | **1.026.543** | **1.078.779** |
| **Other operating revenue** | **17.519** | **16.309** |
| **Own construction capitalized** | **0** | **21** |
| **Total** | **1.044.062** | **1.095.109** |

The total operating revenue has decreased when compared to 2014 with 51.047 k EUR to 1.044.062 k EUR.

The Group realized most of its revenue from management fees invoiced mainly to the Distribution System Operators. The pass-through via the management invoices reflects all costs necessary in order to carry out its duties as an independent service delivery company for the operation of the electricity and gas grids.
The billing of 'Construction works for third parties' comprises mainly groundworks in synergy, whereby their respective share in the costs is charged to the other utility companies.

The 'Other operating revenue' mainly comprises repayments of general costs of contractors, insurance companies and other entities.

## 4. Cost for services and other consumables

| (In duizenden EUR) | 2015 | 2014 |
|---|---|---|
| Cost contractors for grid construction and maintenance | 226.440 | 240.900 |
| Cost for direct purchases | 79.123 | 76.416 |
| Fee for usage of installations including charges | 60.699 | 50.068 |
| Advertising, information, documentation, receptions a.o. | 9.227 | 12.538 |
| Subsidy for rational use of energy (RUE) | 72.820 | 54.318 |
| Contracts and administration costs | 7.478 | 7.395 |
| Consultancy and other services | 65.630 | 94.883 |
| Other | 49.510 | 50.937 |
| **Total** | **570.927** | **587.455** |

The cost for services and other consumables decreases with 16.528 k EUR compared to 2014 and amounts to 570.927 k EUR.

The costs for the rational use of energy (RUE) amount to 72.820 k EUR in 2015 and 54.318 k EUR in 2014.
The item ‘Other’ comprises the costs for rent, communication, transportation, insurance, seminars and other.

All of these costs have been recharged mainly to the Distribution System Operators.

## 5. Employee benefit expenses

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Remunerations | 258.746 | 262.230 |
| Social security contributions | 71.752 | 72.642 |
| Contributions to defined benefit plans and other insurances | 21.666 | 32.210 |
| Other personnel costs | 16.268 | 16.227 |
| **Total** | **368.432** | **383.309** |

The employee benefit expenses amounted to 368.432 k EUR in 2015, a decrease of 14.877 k EUR compared to 2014.

The average number of employees amounted to 4.480 persons in 2015.

## 6. Financial results

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Interest income distribution system operators | 108.566 | 90.122 |
| Interest income banks | 103 | 1.692 |
| Other financial income | 762 | 935 |
| **Total financial income** | **109.431** | **92.749** |
| Interest expenses distribution system operators | 354 | 1.657 |
| Interest expenses banks | 1.109 | 1.686 |
| Interest expenses bond loans | 108.337 | 89.841 |
| Other financial expenses | 9.752 | 14.156 |
| **Total financial expenses** | **119.552** | **107.340** |

The interest income was principally realized from the interest on the loans to the Distribution System Operators, as well as the interest on the cash pool activities with the Distribution System Operators.

The interest income received from banks decreased in comparison to 2014. During 2014 cash on short term was built up in order to finance the exit of Electrabel.
Other financial income mainly comprises financial discounts (460 k EUR; 665 k EUR in 2014), income from the sale of other investments (220 k EUR; 0 in 2014) and compensations for depreciation from government grants (0; 226 k EUR in 2014).

The interest expenses were the result of the interest on the bond loans, loans with the banks and partly from the cash pool activities with the Distribution System Operators.
The other financial expenses decrease with 4.404 k EUR compared to 2014 mainly due to the decrease of the interest costs related to defined benefit obligations. The other financial expenses also comprise costs related to debt, financial costs for rent and various bank costs.

## 7. Income tax expenses

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Tax expenses on current year results | 10.447 | 4.182 |
| Tax adjustments | 15 | -19 |
| **Total income tax expenses (income)** | **10.462** | **4.163** |

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Profit (loss) before tax | 10.462 | 4.163 |
| Effect of non-deductable expenses | 20.331 | 20.316 |
| Effect of deductable expenses** | -58 | -12.174 |
| **Tax basis** | **30.735** | **12.305** |
| **Total income tax expenses*** | **10.447** | **4.182** |

* subject to the Belgian legal tax rate of 33,99 %
** up to 2014 patent income deduction was taken into account

## 8. Intangible assets

| (In thousands of EUR) | Licenses and similar rights | Total |
|---|---|---|
| Acquisition value at 1 January 2015 | 4.412 | **4.412** |
| Acquisitions | 333 | **333** |
| **Acquisition value at 31 December 2015** | **4.745** | **4.745** |
| Amortization and impairment at 1 January 2015 | 3.063 | **3.063** |
| Amortization | 478 | **478** |
| **Amortization and impairment at 31 December 2015** | **3.541** | **3.541** |
| **Net book value at 31 December 2015** | **1.204** | **1.204** |

| (In thousands of EUR) | Licenses and similar rights | Total |
|---|---|---|
| Acquisition value at 1 January 2014 | 3.924 | **3.924** |
| Acquisitions | 1.310 | **1.310** |
| Other | -822 | **-822** |
| **Acquisition value at 31 December 2014** | **4.412** | **4.412** |
| Amortization and impairment at 1 January 2014 | 2.334 | **2.334** |
| Amortization | 729 | **729** |
| Other | 0 | **0** |
| **Amortization and impairment at 31 December 2014** | **3.063** | **3.063** |
| **Net book value at 31 December 2014** | **1.349** | **1.349** |

## 9. Property, plant and equipment

| (In thousands of EUR) | Installations, machinery and equipment | Furniture and vehicles | Other | Total |
|---|---|---|---|---|
| Acquisition value at 1 January 2015 | 0 | 68.612 | 1.913 | **70.525** |
| Acquisitions | 0 | 208 | 0 | **208** |
| Other | 70 | -71 | 0 | **-1** |
| **Acquisition value at 31 December 2015** | **70** | **68.749** | **1.913** | **70.732** |
| Depreciation and impairment at 1 January 2015 | 0 | 65.457 | 1.594 | **67.051** |
| Depreciation | 7 | 1.083 | 80 | **1.170** |
| Other | 11 | -12 | 0 | **-1** |
| **Depreciation and impairment at 31 December 2015** | **18** | **66.528** | **1.674** | **68.220** |
| **Net book value at 31 December 2015** | **52** | **2.221** | **239** | **2.512** |

| (In thousands of EUR) | Furniture and vehicles | Other | Total |
|---|---|---|---|
| Acquisition value at 1 January 2014 | 67.846 | 1.711 | **69.557** |
| Acquisitions | 1.221 | 202 | **1.423** |
| Other | -455 | 0 | **-455** |
| **Acquisition value at 31 December 2014** | **68.612** | **1.913** | **70.525** |
| Depreciation and impairment at 1 January 2014 | 64.097 | 1.115 | **65.212** |
| Depreciation | 1.725 | 479 | **2.204** |
| Other | -365 | 0 | **-365** |
| **Depreciation and impairment at 31 December 2014** | **65.457** | **1.594** | **67.051** |
| **Net book value at 31 December 2014** | **3.155** | **319** | **3.474** |

As of 31 December 2015 and 2014 there were no limitations on ownership and on property, plant and equipment which serve as guarantee for obligations.

There were no engagements for the acquisition of property, plant and equipment at the end of 2015 and 2014.

## 10. Investment in associates

The investments in associates increase from 5 k EUR at the end of 2014 to 11 k euros at the end of 2015. These investments are held in Atrias cvba and in Synductis cvba.

On 9 May 2011 **Atrias** cvba was established as a joint initiative of Belgium's five largest distribution system operators Eandis, Infrax, Ores, Sibelga and RESA.
Atrias is a central clearing house for the Distrubution System Operator and charged with the development of a Message Implementation Guide (MIG), the development of a clearing house application, and the management and maintenance of this application.
MIG describes how the communication flow between the various players of the energy market should happen.
The Group has acquired 25 % of the shares. The amount of 5 k EUR was recorded as an investment in an associate.
Atrias is an unlisted company and has no official price quotation.
The following table summarizes the financial information of Atrias at 31 December:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Property, plant and equipment | 17.592 | 5.147 |
| Current assets | 7.940 | 7.451 |
| Liabilities | 25.513 | 12.579 |
| Equity | 19 | 19 |
| **Share in equity** | **5** | **5** |
| Revenue | 6.504 | 5.754 |
| Result for the period | 0 | 0 |
| **Share in the result for the period** | **0** | **0** |

**Synductis** cvba was founded on 21 December 2012 and aims to coordinate the infrastructure works by various utility companies in the Flemish cities and municipalities and so reduce nuisance of the works.
The various utility companies participating are: Eandis (distribution of gas and electricity), Farys/TMVW (Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening), IWVA (Intercommunale Waterleidingsmaatschappij van Veurne-Ambacht), IWVB (Intercommunale voor Waterbedeling in Vlaams-Brabant), Proximus (telecommunication) and Pidpa (Provinciale Intercommunale Drinkwatermaatschappij der Provincie Antwerpen).
The Group holds still 33,28 % of the shares since the step-in of Proximus, in early 2015. As from then, the amount of 6 k EUR was recorded as in investment in an associate.
Synductis is an unlisted company and has no official price quotation.

The following table summarizes the financial information of Synductis at 31 December:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Property, plant and equipment | 149 | 181 |
| Current assets | 727 | 1.029 |
| Liabilities | 857 | 1.191 |
| Equity | 19 | 19 |
| **Share in equity** | **6** | **10** |
| Revenue | 1.997 | 1.834 |
| Result for the period | 0 | 0 |
| **Share in the result for the period** | **0** | **0** |

The Group receives its share of the operating costs of Atrias and Synductis.
Since these companies also work at cost price, their results are without any profit or loss.
The Group grants funding and provides housing (see note ‘Related parties’).

## 11. Other investments

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Business centres | 919 | 969 |
| Other | 0 | 123 |
| **Total** | **919** | **1.092** |

The other investments decrease from 1.092 k EUR at the end of 2014 to 919 k EUR at the end of 2015 as a result of the following transactions:
A sales agreement was signed on 11 November 2014, whereby Eandis cvba sold its shares of 10 k EUR in KIC InnoEnergy at 31 December 2014 at the latest, but effective on 14 February 2015. The sales price amounts to 137 k EUR.
The company IICK was dissolved (the participation amounted to 104 k EUR as acquired in 2014) and on 9 December 2015 the Business Centre Westhoek was sold (the participation amounted to 50 k EUR).
The profit resulting from the above transactions amounts to 220 k EUR and has been included in the financial income (see note 'Financial results').
Furthermore, the participation of Eandis in Synductis for an amount of 9 k EUR was no longer included under this heading since the share of the sector 'Telecom' was transferred to Proximus when it subscribed to Synductis in January 2015. The share of Eandis in Synductis decreased from 50,00 % to 33,28 %. The investment is now included as an ' investment in Associates ' for an amount of 6 k EUR.

The Group still holds the following participations in business centres:
Since 2007, the Group has subscribed to participations in business centres on the explicit demand of its former shareholder. These business centres are situated in the distribution area of Gaselwest (business centres Kortrijk, Roeselare, Flemish Ardennes and Waregem), Imewo

(business centres Bruges, Ghent, Meetjesland and Ostend) and Iveka (business centres Kempen).

## 12. Rights to reimbursement on post-employment employee benefits

The costs related to the employee benefit liabilities are recoverable from the Distribution System Operators. At the end of 2015 the rights to reimbursement on the long term employee benefits amounted to 331.250 k EUR and 425.074 k EUR at the end of 2014 (see note 'Pensions and other post-employment benefit plans').

## 13. Long term receivables

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Receivable from DSOs following lending-on funds from issuance of bonds with private investors (retail) | 320.000 | 320.000 |
| Receivable from DSOs following lending-on funds from issuance of bonds with institutional investors | 440.000 | 440.000 |
| Receivable from DSOs following lending-on funds from issuance of bonds with European institutional investors (EMTN programme*) | 2.660.500 | 2.660.500 |
| Other | 250 | 303 |
| **Total** | **3.420.750** | **3.420.803** |

*Euro Medium Term Note (EMTN) programme – see note 'Financial instruments'

The long term receivables remain stable compared to 2014 at an amount of 3.420.500 k EUR.

The terms of the long term loans to the Distribution System Operators were identical to those of the respective bond loans (see note 'Interest bearing loans and borrowings').

## 14. Inventories

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Raw materials and consumables | 46.081 | 34.692 |
| Write down on inventories | -765 | -493 |
| **Total** | **45.316** | **34.199** |

The impairment losses amounted to 272 k EUR in 2015 and 121 k EUR in 2014.
These amounts were reported in the income statement.

## 15. Trade and other receivables, receivables cash pool activities

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Trade receivables - gross | 160.340 | 11.004 |
| Impairments on trade receivables | -2.316 | -37 |
| **Trade receivables - net** | **158.024** | **10.967** |
| **Other receivables** | **97.482** | **956.268** |
| **Total trade and other receivables** | **255.506** | **967.235** |
| **Receivables cash pool activities** | **145.492** | **0** |

The trade receivables consist mainly of receivables with the Distribution System Operators and amount to 122.151 k EUR in 2015 and 2.776 k EUR in 2014.
This increase in the receivables from the Distribution System Operators is the result of paying the management fees at their due date instead of direct payment.
As from 2015, receivables also include an amount of 32.348 k EUR as the invoicing cycle in the Group changed. Invoices are now routed via Eandis, while in previous years they were recorded in the books of the Distribution System Operators. The related customer group and its corresponding valuation caused the increase in the impairment.

The decrease in the 'Other receivables' is on the one hand the result of the settlement of the receivable of 910.624 k EUR paid by Eandis on 29 December 2014 in name and on behalf of the public authorities (municipalities and cities) as redemption of the Distribution System Operators' shares owned by Electrabel and, on the other hand, the recording of a receivable of 41.512 k EUR for a VAT amount to be recovered from the members of the VAT group. The Eandis VAT group was founded at 1 January 2015 with the companies De Stroomlijn, Synductis and the Distribution System Operators.
The other receivables also contain accrued interest from the Distribution System Operators on the bonds that were recharged.

The item 'Receivables cash pool activities' comprises the balances on the accounts of the Distribution System Operators related to the cash pool.

The information regarding outstanding balances with the associate was included in note 'Related parties'

## 16. Cash and cash equivalents

Cash resources amount to 3.635 k EUR in 2015 (8.906 k EUR in 2014) and comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash.
All resources are reported in euro.

## 17. Share capital and reserves

The separate components of the shareholders' equity and the movements therein from 1 January 2014 until 31 December 2015 are included in the 'Statement of changes in equity'.

The share capital amounts to 18.550 EUR and was fully subscribed and paid up. It is represented by 348.431 shares without indication of nominal value. Each share represents 1/348.431st part of the capital. The shares are nominative in the name of the Distribution System Operators and are distributed as follows:

| Distribution System Operator | Number of shares | % |
|---|---|---|
| Gaselwest | 57.830 | 16,60 |
| IMEA | 47.944 | 13,76 |
| Imewo | 78.105 | 22,42 |
| Intergem | 38.139 | 10,94 |
| Iveka | 49.976 | 14,34 |
| Iverlek | 67.701 | 19,43 |
| Sibelgas | 8.736 | 2,51 |
| **Total** | **348.431** | **100,00** |

The legal reserve amounts to 1.855,00 EUR. This legal reserve was formed out of profits to be distributed at a rate of 5,00 % up to a maximum of 10,00 % of the assigned capital.

The Group's results are in all cases without profits or losses, since all operational costs can be billed through to mainly the Distribution System Operators.

A non-controlling interest amounts to 1.079 k EUR, unchanged compared to year end 2014.
A non-controlling interest of 35,97 % or 93 k EUR was acknowledged vis-à-vis Farys/TMVW for its participation in De Stroomlijn.
On 17 June 2013 SYNDUCTIS has taken over from AWW its 77 shares in De Stroomlijn for an amount of 7,7 k EUR.
Eandis owns 70,00 % of the shares of the company Indexis cvba, the other shares being held by Ores, the operating company of the Walloon mixed Distribution System Operators for electricity and gas and by Fernand Grifnée, CEO of Ores (one share). The non-controlling interest therefore amounts to 30,00 % or 986 k EUR.

## 18. Interest-bearing loans and borrowings

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Loans, non-current** | **3.394.760** | **3.392.363** |
| Commercial paper | 166.800 | 0 |
| Bank debts | 58.438 | 0 |
| **Loans, current** | **225.238** | **0** |
| **Total** | **3.619.998** | **3.392.363** |

At the balance sheet date of 2015, the Group has taken up additional loans amounting to 227.635 k EUR compared to 2014.

**Loans on long term**
All outstanding loans are expressed in euro and have a fixed interest rate.

For all the bond loans, each of the DSOs is guarantor on a several but non-joint basis, but limited to its proportional share in the capital of Eandis.

| (In thousands of EUR) | 2015 | 2014 | Initial amount | Coupon % | Yield at issue price | Maturity |
|---|---|---|---|---|---|---|
| Bond issue retail - June 2010 | 150.038 | 150.064 | 150.000 | 4,00 | 3,672 | 2017 |
| Bond issue retail - December 2010 | 169.932 | 169.918 | 170.000 | 4,25 | 4,013 | 2020 |
| EMTN - November 2011 | 498.578 | 498.335 | 500.000 | 4,50 | 4,542 | 2021 |
| EMTN - July and September 2012 | 134.949 | 134.916 | 135.500 | 3,95 | 3,985 | 2032 |
| Bond issue private - September 2012 | 49.113 | 49.037 | 50.000 | 3,50 | 3,700 | 2027 |
| EMTN - November 2012 | 495.819 | 495.214 | 500.000 | 2,75 | 2,890 | 2022 |
| EMTN - March 2013 | 54.321 | 54.307 | 54.500 | 3,50 | 3,535 | 2028 |
| EMTN - March 2013 | 20.414 | 20.409 | 20.500 | 3,75 | 3,785 | 2033 |
| Bond issue private - June 2013 | 48.325 | 48.264 | 50.000 | 3,50 | 3,704 | 2043 |
| EMTN - October 2013 | 496.827 | 496.419 | 500.000 | 2,88 | 2,971 | 2023 |
| Bond issue private - March 2014 | 50.467 | 50.413 | 52.000 | 3,55 | 3,726 | 2044 |
| Bond issue private - March 2014 | 22.783 | 22.773 | 23.000 | 3,55 | 3,619 | 2036 |
| EMTN - May 2014 | 541.809 | 541.196 | 550.000 | 2,88 | 2,994 | 2029 |
| Bond issue private - October 2014 | 169.428 | 169.409 | 170.000 | 3,00 | 3,018 | 2044 |
| Bond issue private - October 2014 | 94.687 | 94.671 | 95.000 | 2,60 | 2,623 | 2034 |
| EMTN - December 2014 | 397.269 | 397.019 | 400.000 | 1,75 | 1,820 | 2026 |
| **Total** | **3.394.760** | **3.392.363** | **3.420.500** | | | |

The issuance of private debenture loans in 2012 and 2013 are according to German law: Schuldschein and Namensschuldverschreibung.

The yield at issue price represents the gross actuarial yield at issue.
The capital of the debenture is repayable at maturity.

### Loans on short term

| (In thousands of EUR) | Maturity | Available amount | Amounts used | Amounts not used | Average interest rate * |
|---|---|---|---|---|---|
| Commercial paper | 65 m€ on 18/1/2016 & 101,8 m€ on 29/1/2016 | 522.000 | 166.800 | 355.200 | 0,09% |
| Fixed advances | | 200.000 | 0 | 200.000 | N/A |
| Fixed loans/Bank overdraft | Daily | 200.000 | 58.438 | 141.562 | 0,70% |
| Fixed loans | | 100.000 | 0 | 100.000 | N/A |
| **Total at 31 December 2015** | | **1.022.000** | **225.238** | **796.762** | |

*The average interest rate of the used amounts at the end of the period

| (In thousands of EUR) | Maturity | Available amount | Amounts used | Amounts not used | Average interest rate |
|---|---|---|---|---|---|
| Commercial paper | | 522.000 | 0 | 522.000 | N/A |
| Fixed loans/Bank overdraft | Daily | 200.000 | 0 | 200.000 | N/A |
| Fixed loans | | 100.000 | 0 | 100.000 | N/A |
| **Total at 31 December 2014** | | **822.000** | **0** | **822.000** | |

All short term loans are subscribed by Eandis in the name and on behalf of the Distribution System Operators who stand surety for their part and act as joint co-debtor except for the bank overdrafts.

## 19. Pensions and other post-employment benefit plans

### Defined contribution plans

Employees hired after 1 January 2002 and the executive staff hired after 1 May 1999 are entitled to defined contribution plans: these pension plans provide in a lump sum on retirement resulting from the contributions paid and the return granted by the pension institutions, as well as a lump sum and orphan interests in case of decease before retirement.
The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (Powerbel and Enerbel) and group insurances.
The assets are managed within a Luxembourg Fund (Esperides), divided in 4 investment zones, each representing different risk profiles (low risk, medium risk, high risk and dynamic asset allocation). The risk level also has to be managed taking into account the age of the members. This is why the trustees of Powerbel have proposed to the members a new option (2014) to manage their assets. This option, called ‘Life-Cycle’, offers an evolution of the risk exposure from growth to more defensive throughout the member’s career.

Investment risk
According to article 24 of the law of 28 April 2003 on L.P.C. - Loi relative aux Pensions Complémentaires / W.A.P. imposes a minimum average yield for certain pension plans: currently of 3,75 % on employee contributions and 3,25 % on employer contributions.

These guarantees must be reached on resignation or retirement of the members or removal of the pension commitment.
The employee contributions are paid into a group insurance and the employer contributions are paid into a pension fund (Powerbel or Enerbel).
Due to the low level of the interest rates of the bonds it became a challenge for pension institutions to continue to cover the level of the guaranteed interest rates.
A reform was imposed and was announced with the publication on 24 December 2015 of the law of 18 December 2015 to guarantee the sustainability and the social character of supplementary pensions and to strengthen the complementary nature with respect to the retirement pension plans. This law shall enter into force on 1 January 2016.
The guaranteed interest will then be variable and each year to be aligned on the average return over the last 24 months of linear bonds of the Belgian State (OLOs) with a duration of 10 years (at least 1,75% and maximum 3,75%).
In a group insurance of ‘Tak 21’ (with yield guarantee) the minimum interest guarantee remains at 3,75 % or 3,25 % up to the date of resignation or retirement on the reserves made up on 31 December 2015. The new interest rate of 1,75 % will be applied to the premiums paid as from 1 January 2016 onwards ("horizontal method").
In a pension fund or a group insurance ‘Tak 23’ (without yield guarantee) the new interest rate of 1,75 % will be applied on the reserves made up on 31 December 2015 and on the premiums paid as from 1 January 2016 onwards ("vertical method").

As per 31 December 2015 no individual deficits have been noted.

**Defined benefit plans**

The Collective Labour Agreement of 2 May 1952 stipulated an additional pension equal to 75 % of the last annual salary after deduction of the legal pension at the end of a complete career, as well as a survival pension and an orphan allowance. This defined benefit plan has been fully paid up by the employer and the pensions have been paid out directly to the beneficiaries. The remaining subsequent obligations are for the largest part related to current pensions.

The majority of the employees hired before 1 January 2002 and the executive staff hired before 1 May 1999 are entitled to defined benefit plans which provide in the payment of a lump sum on retirement, and a lump sum and orphan interest in case of decease before retirement. These benefits are calculated taking into account the last annual salary and past service. The financing is carried out by employee contributions and employer contributions that are deposited in pension funds (O.F.P. Elgabel and O.F.P. Pensiobel) and group insurances.

Due to changes to the pension regulation in Belgium, the members of the pension plan Pensiobel were offered the opportunity to move as from 1 January 2015 to the defined contribution plan Powerbel. The accumulated and improved acquired rights (in Pensiobel) are capitalized at market returns but with a minimum return equal to 3,25 % (cash-balance plan).

The Group also grants **post-retirement allowances** being reimbursement of healthcare costs and tariff benefits.
The **other long term employee benefits** contain provisions for retirement and jubilee bonuses.

**Right of reimbursement**

Since the expenses related to the employee benefits are reclaimable from the Distribution System Operators, rights of reimbursement, equal to the employee benefit liability reported in the balance sheet, are recognized.

**Actuarial risks**
The defined benefit plans expose the Group to various actuarial risks:

*Investment risk*
The present value of the defined benefit plan liability is calculated using a discount rate determined to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment which is reported in the table below 'Classification of the plan investments on the balance sheet date'.

Due to the long term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the funds.

*Interest risk*
A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

*Longevity risk*
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
A study was carried out in 2013 in order to determine the mortality tables that best fit the historical observation of the portfolio. The resulting mortality tables are the MR/FR tables for the pensioners and the MR (corrected with 5 years)/FR (without correction) for the active employees.
From 2015 onwards, new prospective mortality tables are used as proposed by the Institute of Actuaries in Belgium (IA|BE).

*Salary risk*
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The major actuarial assumptions used at balance sheet date to determine the provision for employee benefits and other allowances:

| | 2015 | 2014 |
|---|---|---|
| Discount rate | 1,96% | 1,45% |
| Expected average salary increase (excluded inflation) | 0,85% | 0,75% |
| Expected inflation | 1,65% | 1,75% |
| Expected increase of health benefits (included inflation) | 2,65% | 2,75% |
| Expected increase of tariff advantages | 0,25% | 0,25% |
| Average assumed retirement age | 62 | 62 |
| Mortality table used | IA\|BE Prospective Tables | MR(-5)/FR |
| Life expectancy in years of a pensioner retiring at age 65: | | |
| For a Person aged 65 at closing date: | | |
| - Male | 20 | 23 |
| - Female | 24 | 22 |
| For a Person aged 65 in 20 years: | | |
| - Male | 22 | 23 |
| - Female | 26 | 22 |

## Amounts recognized in comprehensive income

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Service cost** | | |
| Current service cost | -16.592 | -19.609 |
| Cost of early retirement | 1.075 | -3.204 |
| Past service cost | -5.672 | -527 |
| Actuarial (gains)/losses on other long term benefits | 3.444 | -5.543 |
| **Net interest on the net defined benefit liability/(asset)** | | |
| Interest cost on defined benefit obligation | -13.124 | -26.024 |
| Interest income on plan assets | 7.360 | 14.632 |
| **Defined benefit costs recognized in profit or loss** | **-23.509** | **-40.275** |
| **Actuarial gains/(losses) on defined benefit obligation arising from** | | |
| i) changes in demographic assumptions | 1.414 | 0 |
| ii) changes in financial assumptions | 40.584 | -50.240 |
| iii) changes from experience adjustments | 24.599 | -20.668 |
| Return on plan assets (excluding interest income) | -15.595 | 32.085 |
| Change in the effect of the asset ceiling excluding interest on this effect | | |
| **Remeasurements of net defined benefit liability/(asset) recognised in Other Comprehensive Income (OCI)** | **51.003** | **-38.824** |
| **Total** | **27.494** | **-79.099** |

## Amounts recognized in the balance sheet

| (In thousands of EUR) | Present value of funded defined benefit obligation | Fair value of plan assets | Funded status |
|---|---|---|---|
| Pensions - funded status | 436.719 | -508.159 | **-71.440** |
| Pensions - unfunded status | 174.132 | 0 | **174.132** |
| Healthcare costs, tariff benefits - unfunded status | 168.562 | 0 | **168.562** |
| Other long term employee benefits - funded status | 63.378 | -3.382 | **59.995** |
| **Total defined benefit obligation and long term employee benefits at 31 December 2015** | **842.791** | **-511.541** | **331.250** |
| Pensions - funded status | 510.236 | -522.398 | **-12.162** |
| Pensions - unfunded status | 187.894 | 0 | **187.894** |
| Healthcare costs, tariff benefits - unfunded status | 183.908 | 0 | **183.908** |
| Other long term employee benefits - funded status | 68.995 | -3.561 | **65.434** |
| **Total defined benefit obligation and long term employee benefits at 31 December 2014** | **951.033** | **-525.959** | **425.074** |

## Changes in the present value of the obligation

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| At the beginning of the period | 951.033 | 894.580 |
| Current service cost | 15.822 | 18.160 |
| Interest cost/income | 13.124 | 26.024 |
| Contributions from plan participants | 770 | 1.449 |
| Cost of early retirement | -1.075 | 3.204 |
| Remeasurement (gains)/losses in Other Comprehensive Income (OCI) arising from | | |
| i) changes in demographic assumptions | -1.250 | 0 |
| ii) changes in financial assumptions | -43.086 | 54.596 |
| iii) changes from experience adjustments | -25.932 | 21.629 |
| Taxes on contributions paid | -2.824 | -3.277 |
| Past service cost | 5.672 | 527 |
| Payments from the plan | -69.464 | -65.858 |
| **At the end of the period** | **842.791** | **951.033** |

## Changes in the fair value of the plan assets

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Total at 1 January | -525.959 | -475.232 |
| | | |
| Interest income | -7.360 | -14.632 |
| Remeasurement gains/(losses) in Other Comprehensive Income (OCI) arising from return on plan assets (excluding amounts included in net interest expense) | 15.822 | -31.857 |
| Contributions from employer | -60.260 | -65.435 |
| Contributions from plan participants | -770 | -1.449 |
| Benefit payments | 66.987 | 62.646 |
| **Total at 31 December** | **-511.541** | **-525.959** |
| | | |
| **Actual return on plan assets** | **8.461** | **-46.489** |

## Classification of the plan investments on the balance sheet date

The classification of the plan investments in function of the major category at the end of 2015

| Category | Currency | Elgabel % | Pensiobel % | Insurance companies % | Total % |
|---|---|---|---|---|---|
| **Investments quoted in an active market** | | **79,66** | **80,30** | **76,73** | **78,88** |
| Shares | Eurozone | 19,88 | 22,37 | 3,09 | **15,21** |
| Shares | Outside eurozone | 16,59 | 16,08 | 3,08 | **12,40** |
| Government bonds | Eurozone | 2,83 | 2,74 | 14,57 | **6,38** |
| Other bonds | Eurozone | 28,47 | 27,59 | 55,99 | **36,68** |
| Other bonds | Outside eurozone | 11,89 | 11,52 | 0,00 | **8,22** |
| | | | | | |
| **Unquoted investments** | | **20,34** | **19,70** | **23,27** | **21,12** |
| Property | | 3,92 | 3,79 | 4,28 | **4,01** |
| Qualifying insurance contracts | | 0,00 | 0,00 | 5,47 | **1,66** |
| Cash and cash equivalents | | 2,65 | 2,55 | 2,03 | **2,44** |
| Other | | 13,77 | 13,35 | 11,50 | **13,01** |
| **Total in %** | | **100,00** | **100,00** | **100,00** | **100,00** |
| **Total (In thousands of EUR)** | | **269.272** | **86.988** | **155.281** | **511.541** |

The classification of the plan investments in function of the major category at the end of 2014

| Category (in %) | Currency | Elgabel | Pensiobel | Insurance companies | Total |
|---|---|---|---|---|---|
| **Investments quoted in an active market** | | **81,90** | **82,33** | **77,26** | **80,42** |
| Shares | Eurozone | 18,17 | 20,96 | **2,95** | **13,57** |
| Shares | Outside eurozone | 15,59 | 15,01 | **4,40** | **11,74** |
| Government bonds | Eurozone | 2,40 | 2,31 | **14,68** | **6,50** |
| Other bonds | Eurozone | 33,95 | 32,69 | **55,24** | **40,86** |
| Other bonds | Outside eurozone | 11,79 | 11,35 | **0,00** | **7,76** |
| **Unquoted investments** | | **18,10** | **17,67** | **22,74** | **19,58** |
| Property | | 4,29 | 4,13 | **3,71** | **4,07** |
| Qualifying insurance contracts | | 0,00 | 0,00 | **7,21** | **2,41** |
| Cash and cash equivalents | | 0,74 | 0,95 | **0,77** | **0,79** |
| Other | | 13,07 | 12,59 | **11,05** | **12,31** |
| **Total in %** | | **100,00** | **100,00** | **100,00** | **100,00** |
| **Total (In thousands of EUR)** | | **256.269** | **93.561** | **176.129** | **525.959** |

## Breakdown of the defined benefit obligation by type of plan participants and by type of benefits

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Breakdown of defined benefit obligation by type of plan participants** | **842.791** | **951.033** |
| Active plan participants | 557.949 | 629.608 |
| Terminated plan participants with deferred benefit entitlements | 24.498 | 27.644 |
| Retired plan participants and beneficiaries | 260.344 | 293.781 |
| **Breakdown of defined benefit obligation by type of benefits** | **842.791** | **951.033** |
| Retirement and death benefits | 610.851 | 698.129 |
| Other post-employment benefits (medical and tariff reductions) | 168.562 | 183.908 |
| Jubilee bonuses (Seniority payments) | 63.378 | 68.996 |

The results of the **sensitivity analysis** are included below to explain the impact of the assumptions.

| (In thousands of EUR) | Effect: increase (+) / decrease (-) |
|---|---|
| Increase of discount rate (0,5%) | (34.170) |
| Average salary increase - excluding inflation (0,5 %) | 36.170 |
| Increase of inflation (0,25% movement) | 31.837 |
| Increase of healthcare care benefits (1,0%) | 18.790 |
| Increase of tariff advantages (0,5 % movement) | 4.152 |
| Increase of life expectancy of male pensioners (1 year) | 4.494 |
| Increase of life expectancy of female pensioners (1 year) | 8.990 |

The annual balance of the defined benefit lump sum is financed by the Group through a recurrent allocation expressed as a percentage of the total payroll. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing is used to smooth out future costs over the remaining period of the plan. The costs are estimated on projected bases (salary growth and inflation taken into account).
The assumptions related to salary increase, inflation, employee turnover and age-term are defined on the basis of historical statistics of the Group. The mortality tables used are the ones corresponding to the observed experience within the financing vehicle. The discount rate is set up with regard to the investment strategy of the company.
These assumptions are challenged on a regular basis.
Exceptional events (such as modification of the plan, change of assumptions, too short degree of coverage...) can eventually lead to additional payments by the Group.

The average duration of the defined benefit obligation at 31 December 2015 is 8 years (2014: 8 years).

The Group estimates to contribute 31.757 k EUR to the defined benefit pension plans in 2016 and 8.368 k EUR to the defined contribution plans.

## 20. Government grants

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Total at 1 January | 0 | 241 |
| Received during the year | 0 | -15 |
| Released to the income statement | 0 | -226 |
| **Total at 31 December** | **0** | **0** |

In the framework of the participation in the EVA project investment grants were granted by the ‘Agentschap voor Innovatie door Wetenschap en Technologie’ (IWT). As the project ran until the end of September 2014, the settlement was made based on the investments carried out at that time.

## 21. Trade payables and other liabilities

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Trade debts | 98.306 | 49.806 |
| Invoices to be received | 26.517 | 30.979 |
| **Subtotal** | **124.823** | **80.785** |
| VAT and taxes payable on remuneration | 2.826 | 3.655 |
| Remuneration and social security | 62.740 | 65.755 |
| Other current liabilities | 46.470 | 51.763 |
| **Total trade payables and other current liabilities** | **236.859** | **201.958** |
| **Payables cash pool activities** | **11.400** | **838.735** |
| **Current tax liabilities** | **5.989** | **2.908** |

The items relating to trade payables and other current liabilities increased with 34.901 k EUR compared to 2014 mainly due to the increase of the unpaid trade payable balances with the Distribution System Operators.

The other current liabilities mainly comprise the costs to be attributed, principally relating to the finance costs for issuing bonds, car fleet and Information and Communication Technology projects.

The payable cash pool activities decrease with 827.335 k EUR compared to the balance at year end 2014 due to the settlement of the financing originating from the share acquisition transaction between Electrabel and the Flemish cities and municipalities (see note 'Trade and other receivables').

The payment term and conditions for these payables are as follows:
For the standard trade contracts the average payment term was 50 days after invoice date and for contractors 30 days after invoice date.
The Value Added Tax payable and the withholding tax payable were due 20 and 15 days respectively after the end of the month. All amounts were paid on their expiry date.

## 22. Financial instruments: policy

### Risks

It is the Group's intention to understand all risks separately, as well as their mutual connections, and to define strategies in order to manage the economic impact on the Group's results. The Audit Committee is responsible for reviewing the risk analysis, for the approval of the recommended risk management strategies, for compliance with the guidelines on risk management and reporting.

The Group's functioning as the operating company for the Distribution System Operators limits to a large degree the risks and their possible negative impact.

**Equity structure**

The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally required minimum levels for equity that are applicable for Eandis and its subsidiaries, the Group is not subject to any external required qualifications for its capital structure.

Within the Group short-term financing has been called upon to support the working capital. The long term loans are contracted by Eandis to finance the DSOs and are lent through at the same conditions as the contracted loans.

**Credit risk**

The credit risk comprises the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum credit risk is each financial asset's balance sheet value.
The Group recharges its costs mainly to its shareholders, its non-controlling interests and the associates, whereby it limits its credit risk.

Ageing analysis of trade receivables past due, but not impaired

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| 0 - 30 days | 3.858 | 486 |
| 31 - 60 days | 2.824 | 144 |
| 61 - 90 days | 1.126 | 99 |
| 91 - 120 days | 798 | 2 |
| > 120 days | 1.276 | 51 |
| **Total due** | **9.882** | **782** |

Ageing analysis of impaired trade receivables
All impaired trade receivables past due for longer than 365 days amounted to 39 k EUR for 2015 and 0 k EUR for 2014.

Movements in accumulated impairments on trade receivables

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Balance at 1 January** | **-37** | **-18** |
| Write down of receivables | -2.305 | -22 |
| Amounts received during the year | 27 | 3 |
| **Balance at 31 December** | **-2.315** | **-37** |

**Currency risk**
The Group is not substantially exposed to currency risk since transactions in currencies other than the euro are limited.

**Liquidity risk**
The liquidity risk implies the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities. The Group limits this risk by scrutinizing cash flows continually and by taking care that a sufficient number of credit facilities are available.

The Group can call upon several banks to attract resources on short term. The possibility exists to issue commercial paper within the framework of a treasury bill programme, to draw upon fixed advances with a maturity of one week up to twelve months and to take up straight loans with a maturity between one day up to one year. All loans have fixed interest rates except for the bank overdraft that has a variable interest rate.

The Group enters into long term loans to finance the DSOs. These long term loans were fully lent-on at the same conditions as the contracted loans.
The DSOs use these resources to finance the investments in the distribution grids, to refinance loans and to pay interest.
Eandis, however, also used a part of the net proceeds of these loans to pay the fee in the name and on behalf of the public administrations to Electrabel as part of its exit out of the DSOs.

In 2010 the first bond loans were issued for private investors in Belgium and the Grand Duchy of Luxembourg.

To diversify and broaden its funding resources, so that a safe, reliable, efficient, and innovative distribution of energy to the customers can be assured, Eandis has requested a rating from 'Moody's Investors Service Ltd.'.
In October 2011, Moody's granted Eandis cvba an 'A1' credit rating 'with a negative outlook'. This rating was reconfirmed by Moody's on 10 September 2015.

Eandis successfully issued bonds in the framework of its € 5 billion Euro Medium Term Note (EMTN) programme launched in 2009. There has always been a large interest from European investors for the bond issuances and also interest from private investors to whom several bond loans were issued.

In the framework of the € 5 billion EMTN programme an amount of € 2.660,5 million or 53,21 % was issued at the end of 2015. Since no bonds were issued during 2015, this amount is unchanged since 2014.

All funds of the bond loans were fully lent on to the DSOs at the same conditions as the bond loans. The resulting receivables for the Group are included in note 'Long term receivables'.
An overview of the loans is included in note 'Interest-bearing loans and borrowings'.

**Interest rate risk**
The Group has entered into long term loans with a fixed interest rate.
The resulting financial costs for Eandis are all passed on to DSOs and are reported as a financial income.

The interest payment for the following years, calculated on the basis of the current interest rate is as follows:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| In 2015 | 0 | 108.424 |
| In 2016 | 108.424 | 108.424 |
| In 2017 | 101.199 | 101.199 |
| In 2018 | 109.649 | 109.649 |
| In 2019 | 102.424 | 102.424 |
| In 2020 | 102.424 | 102.424 |
| In 2021 and later | 633.766 | 633.766 |
| **Total** | **1.157.886** | **1.266.310** |

### Other

More information about the risks of the Group and the shareholders is included in the prospectus of 25 November 2014 concerning the guaranteed Euro Medium Term Note Programme and the investor presentation of August 2015. These documents can be consulted on our website www.eandis.be.

## Fair value

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties that are independent in a transaction at arm's length and not in a forced sale or liquidation sale.

| (In thousands of EUR) | Level 1 |
|---|---|
| Other investments | 1.134 |
| Cash and cash equivalents | 3.635 |
| **Total** | **4.769** |
| Loans on long term | 3.741.669 |
| Loans on short term | 225.238 |
| **Total** | **3.966.907** |

Fair value hierarchy
The Group uses the following fair value hierarchy classification to determine and classify the fair value of the financial instruments by a valuation technique:
Level 1: valuation is based on quoted (unadjusted) prices in an active market for identical assets or liabilities
Level 2: other techniques for which all input with a significant impact on the recorded fair value can be observed either directly or indirectly
Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

The following methods and assumptions were used to estimate the fair values:
Cash and short term deposits, trade receivables, trade payables and other current liabilities approximate the carrying amounts as to the short term maturity of these instruments.

The fair value of the unquoted other investments is based on the latest available financial information.
The fair value of the quoted bond loans is based on the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. It delivers world economic news, quotes for stock futures, stocks and other) at the reporting date.

The fair value of the quoted bonds, issued for a total amount of € 2.980,5 million varies according to the market interest rate. The fair value at 31 December 2015 amounts to € 3.301,7 million and differs from the amount that will be reimbursed and the carrying value.

## 23. Related parties

Transactions between Eandis cvba and its subsidiaries (the associated parties) have been eliminated in the consolidation process and are therefore not included in the present note.

The total remunerations paid to the management committee and the directors for 2015 amounted to € 3.562.056,96 and € 3.270.717,61 for 2014. The post-employment benefits included in the total remuneration mentioned for 2015 amounted to € 786.435,55 and € 687.828,86 for 2014.
There are no other benefits in kind, share options, credits or advances in favour of the directors.

Transactions of the Group with companies with a non-controlling interest (Farys/TMVW and Ores Assets/Ores) were as follows:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Amount of the transactions** | | |
| Recharge of costs to the non-controlling interests | 10.220 | 11.475 |
| Recharge of costs from the non-controlling interests | 2.723 | 2.607 |
| **Amount of outstanding balances** | | |
| Trade receivables | 1.460 | 1.950 |
| Trade payables | 250 | 681 |
| Financing | 0 | 1.020 |

Transactions of the Group with associates (Atrias and Synductis) were as follows:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Amount of the transactions** | | |
| Recharge of costs to the associate | 2.323 | 637 |
| Recharge of costs from the associate | 5.823 | 2.796 |
| **Amount of outstanding balances** | | |
| Trade receivables | 11.270 | 5.691 |
| Trade payables | 1.251 | 448 |

Transactions of the Group with its shareholders (Distribution System Operators) were as follows:

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| **Amount of the transactions** | | |
| Recharge of costs to the distribution system operators | 1.059.029 | 1.063.534 |
| Recharge of costs from the distribution system operators | 22.167 | 27.835 |
| Interest income distribution system operators | 108.567 | 90.122 |
| Interest expenses distribution system operators | 354 | 1.657 |
| **Amount of outstanding balances** | | |
| Non-current assets, employee benefits | 331.250 | 425.074 |
| Non-current assets, other | 3.420.500 | 3.420.500 |
| Trade receivables, invoices to be issued | 122.151 | 2.776 |
| Other receivables, cash pool | 134.092 | -838.735 |
| Other receivables, accrued financial income bond loan | 31.431 | 31.518 |
| Other current liabilities | 391 | 7.785 |
| Trade payables | 17.051 | 0 |
| Receivable VAT-unit | 41.454 | 0 |
| **Guarantees and securities received** | | |
| Concerning financial obligations | 822.000 | 730.400 |

All invoices to and from the Distribution System Operators are payable within 30 days after invoice date.

*Membership of professional organisations*

Eandis is a member of Synergrid vzw, which is the Belgian common interest federation of the electricity and gas transport and distribution grid operators.

Eandis is a member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids).

During 2015 the parent company paid fees of 45 k EUR to the statutory auditor and an amount of 267 k EUR for other assignments.

The fee for other assignments was approved by the Audit Committee.

## 24. Commitments and contingencies

| (In thousands of EUR) | 2015 | 2014 |
|---|---|---|
| Rent deposits, buildings | 1.374 | 1.374 |
| Other bank guarantees | 125 | 125 |
| **Guarantees given** | **1.499** | **1.499** |
| Guarantees obtained from contractors and suppliers | 25.819 | 22.483 |

Committed orders in 2015 amounted to 20.786 k EUR.

The Group rented several buildings and adjoining parking lots for a total value of 6.294 k EUR in 2015 and 5.679 k EUR in 2014, as well as vehicles for a value of 4.862 k EUR in 2015 and 6.087 k EUR in 2014.

The future minimum lease payments (included as operational lease liability) relate to buildings, vehicles and other material.
The contracts relating to buildings contain renewal clauses and have an average duration of two years.

The future minimum lease payments under non-cancellable finance leases are as follows

| (in thousands of EUR) | 2015 |
|---|---|
| In 2016 | 9.938 |
| In 2017 and 2018 | 10.042 |
| In 2019 and 2020 | 2.956 |
| **Total** | **22.936** |

## 25. Events after the reporting date

On 1 January 2016 the following statutory transactions took place:
The activities and the staff of Indexis cvba were incorporated by Eandis cvba.
The non-controlling interest in Indexis, held by Ores, was then transferred to the DSOs of Eandis.
Within Eandis, this merger acquisition also leads to a capital increase of the current capital of 18.550 euro to 915.124,89 euro.

The name of Eandis cvba was changed to Eandis System Operator cvba (ESO).

At the General Assembly it was decided to merge as from 1 January 2016 the seven Eandis-distribution system operators (Gaselwest, Imea, Imewo, Intergem, Iveka, Iverlek and Sibelgas) into one Distribution System Operator, with the name Eandis Assets, but with suspensive conditions.

After the merger of the 7 DSOs only 'Eandis Assets' remains as shareholder of 'Eandis System Operator'. It is therefore proposed to appoint as shareholders the Chairman of the Board of Directors, Mr Piet Buyse and the CEO of Eandis System Operator, Mr Walter Van den Bossche. They do not keep these shares in their personal name, but they are associated with their function. As a result, the legal requirement of minimum 3 partners within a cvba is being fulfilled.
Hence, the registered capital of Eandis System Operator is now represented by 17.189.104 registered shares with the shareholding being as follows: Eandis Assets owns 17.189.102 shares; the Chairman of the Board of Directors owns 1 share and the CEO also owns 1 share.

A new DSO with the name Gaselwest-Zuid was constituted comprising the following four Walloon municipalities, Comines-Warneton, Ellezelles, Mont-de-l'Enclus and Celles that were co-shareholders of the distribution system operator Gaselwest, This new DSO will, for the time being, call on Eandis System Operator as operating company.
A fifth Walloon municipality however, Frasnes-lez-Anvaing, switched to Ores, but Eandis System Operator remains active as operating company as a subcontractor of Ores.

On 7 January 2016 Moody's has confirmed that these registered transactions do not affect the current A1 rating, with negative outlook of Eandis.

## 26. Group entities

| Subsidiary | Registered office | Number of shares owned % | Voting rights % |
|---|---|---|---|
| **Parent company** | | | |
| Eandis cvba | Brusselsesteenweg 199, B-9090 Melle | | |
| **Subsidiaries** | | | |
| De Stroomlijn cvba | Brusselsesteenweg 199, B-9090 Melle | 64,03 | 64,03 |
| Indexis cvba | Ravensteingalerij 4 bus 2, B-1000 Brussels | 70,00 | 70,00 |
| Atrias cvba | Ravensteingalerij 4 bus 2, B-1000 Brussels | 25,00 | 25,00 |
| Synductis cvba | Brusselsesteenweg 199, B-9090 Melle | 33,28 | 32,81 |

The subsidiary SYNDUCTIS cvba founded on 21 December 2012 was - until the end of 2014 - included as an ‘other investment’ in the consolidation. Eandis held 50 % of the shares.
Since Proximus joined in early 2015, the Group still holds 33,28 % of the shares and reports since then this company as an associate.

# Information concerning the parent company

The following information is extracted from the statutory Belgian GAAP financial statements of the parent company, Eandis cvba.
These statutory financial statements, together with the report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits.
These documents are also available as from 14 April 2016 on the website www.eandis.be or on request at the following address: Brusselsesteenweg 199, 9090 Melle.

The statutory auditor's report is unqualified and certifies that the financial statements of Eandis cvba are prepared in accordance with Belgian GAAP.

| **Condensed balance sheet<br>In thousands of EUR, at 31 December** | **2015** | **2014** |
|---|---|---|
| **Fixed assets** | **3.692** | **3.921** |
| Tangible fixed assets | 46 | 100 |
| Financial fixed assets | 3.646 | 3.821 |
| **Current assets** | **4.202.713** | **4.855.333** |
| Amounts receivable after more than one year | 3.420.500 | 3.420.544 |
| Stocks and contracts in progress | 45.316 | 34.199 |
| Amounts receivable within one year | 359.874 | 930.325 |
| Cash at bank and in hand | 5.241 | 9.444 |
| Deferred charges and accrued income | 371.782 | 490.821 |
| **Total assets** | **4.206.405** | **4.859.254** |
| | | |
| **Equity** | **20** | **20** |
| Capital | 19 | 19 |
| Reserves | 1 | 1 |
| **Government grants** | **0** | **0** |
| **Provisions for liabilities and charges** | **331.250** | **425.074** |
| **Amounts payable** | **3.875.135** | **4.434.160** |
| Amounts payable after more than one year | 3.394.760 | 3.392.363 |
| Amounts payable within one year | 436.738 | 992.940 |
| Accrued charges and deferred income | 43.637 | 48.857 |
| **Total liabilities** | **4.206.405** | **4.859.254** |

| **Condensed income statement<br>In thousands of EUR, at 31 December** | **2015** | **2014** |
|---|---|---|
| Turnover | 1.061.415 | 1.103.554 |
| Operating profit (loss) | 14.510 | 7.138 |
| Financial result | -4.325 | -3.173 |
| Extraordinary result | 0 | 0 |
| Income taxes | 10.185 | 3.965 |
| **Profit for the period** | **0** | **0** |

Building a better working world

Ernst & Young
Bedrijfsrevisoren
Reviseurs d'Entreprises
Moutstraat 54
B - 9000 Gent

Tel: +32 (0)9 242 51 11
Fax: +32 (0)9 242 51 51
ey.com

Free translation from the Dutch original

# Statutory auditor's report to the general meeting of the company Eandis CVBA for the year ended 31 December 2015

As required by law and the Company's by-laws, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2015, the consolidated statement of the realized and non-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2015 and the disclosures ( all elements together "the Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements.

## Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Eandis CVBA ("the Company") and her subsidiaries (together "the Group") as of and for the year ended 31 December 2015, prepared in accordance with the *International Financial Reporting Standards* as adopted by the European Union, which show a consolidated balance sheet total of € 4.206.595 thousand and of which the consolidated income statement shows a result for the year of € 0.

*Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements*

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the *International Financial Reporting Standards*, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

*Responsibility of the statutory auditor*

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 statutory auditor's judgment, including the assessment of the risks of material misstatement of the Annual Accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Annual Accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit procedure and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Unqualified opinion*

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2015 give a true and fair view of the net equity and financial position of the consolidated whole, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

**Report on other legal and regulatory requirements**

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as published in the Belgian Gazette on 28 August 2013 (the "Additional Standard"), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ghent, 23 March 2016

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Paul Eelen*
Partner
*Acting on behalf of a limited company

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