Economic Group Eandis

Consolidated Financial Statements IFRS

Year end 31 December 2015

Content

Consolidated Financial Statements

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Consolidated statement of profit or loss

(In thousands of EUR)	Notes	2015	2014
Operating revenue	**3**	**2.677.762**	**2.781.007**
Revenue		2.315.718	2.148.647
Other operating income		59.116	86.052
Own construction, capitalized		302.928	546.308
Operating expenses		**-2.065.689**	**-2.299.725**
Cost of trade goods	4	-1.025.983	-1.006.921
Cost for services and other consumables	5	-488.053	-635.823
Employee benefit expenses	6	-368.472	-383.343
Depreciation, amortization, impairments and changes in provisions	7	-333.272	-315.221
Other operational expenses	8	-55.888	-60.412
Regulated balances and transfers	8	205.979	101.995
Result from operations		**612.073**	**481.282**
Finance income	10	27.011	4.857
Finance costs	10	-211.874	-257.837
Profit before tax		**427.210**	**228.302**
Income tax expenses	11	-142.767	188.737
Profit for the period		**284.443**	**417.039**

Consolidated statement of comprehensive income

(In thousands of EUR)	Notes	2015	2014
Profit for the period		**284.443**	**417.039**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on long term employee benefits	22	51.003	-38.824
Deferred tax gains (losses)*	11	-2.929	-507.038
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**48.074**	**-545.862**
Total comprehensive income for the period		**332.517**	**-128.823**

* As from 2015 the Distribution System Operators are subject to corporate tax and as a result deferred tax was calculated as from the year 2014. This calculation has important effects on the different elements of equity. See note 'Income tax expenses'.

Consolidated statement of financial position

(In thousands of EUR)	Notes	2015	2014
Non-current assets		**7.908.256**	**7.854.706**
Intangible assets	12	105.586	106.559
Property, plant and equipment	13	7.800.585	7.745.624
Investments in an associate	14	11	5
Other investments	15	919	1.092
Long term receivables	16	1.155	1.426
Current assets		**1.814.932**	**2.306.126**
Inventories	17	45.316	34.199
Trade and other receivables	18	1.765.960	2.263.014
Cash and cash equivalents	19	3.656	8.913
TOTAL ASSETS		**9.723.188**	**10.160.832**
EQUITY	**20**	**1.977.198**	**2.608.370**
Total equity attributable to owners of the parent		**1.976.119**	**2.607.291**
Capital		1.278.688	2.056.752
Reserves		759.548	679.802
Other components of equity		-651.430	-699.505
Retained earnings		589.313	570.241
Non-controlling interest		**1.079**	**1.079**
LIABILITIES		**7.745.990**	**7.552.462**
Non-current liabilities		**6.027.245**	**6.463.752**
Interest bearing loans and borrowings	21	5.197.393	5.533.554
Employee benefit liability	22	331.250	425.074
Derivative financial instruments	23	145.715	169.839
Provisions	24	18.027	20.476
Other non-current liabilities		0	2.285
Deferred tax liabilities	11	334.860	312.524
Current liabilities		**1.718.745**	**1.088.710**
Interest bearing loans and borrowings	21	963.796	516.126
Government grants	25	0	0
Trade payables and other current liabilities	26	647.471	569.464
Current tax liabilities	27	107.478	3.120
TOTAL EQUITY AND LIABILITIES		**9.723.188**	**10.160.832**

Consolidated statement of changes in equity

(In thousands of EUR)	Share Capital	Reserves	Other compre-hensive income	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total
Balance at 1 January 2014	**1.924.415**	**520.437**	**-153.643**	**687.087**	**2.978.296**	**1.079**	**2.979.375**
Total comprehensive income for the period	0	0	-38.824	417.039	**378.215**	0	**378.215**
Transition to corporate tax	0	0	-507.038	0	**-507.038**	0	**-507.038**
Share capital decrease	-51.981	0	0	0	**-51.981**	0	**-51.981**
Share capital increase	184.318	-6.076	0	-178.242	**0**	0	**0**
Addition/decrease reserves	0	165.441	0	-165.441	**0**	0	**0**
Dividends paid	0	0	0	-190.202	**-190.202**	0	**-190.202**
Balance at 31 December 2014	**2.056.752**	**679.802**	**-699.505**	**570.241**	**2.607.291**	**1.079**	**2.608.370**
Total comprehensive income for the period	0	0	48.075	284.443	**332.518**	0	**332.518**
Share capital decrease	-895.798	0	0	0	**-895.798**	0	**-895.798**
Share capital increase	117.734	0	0	0	**117.734**	0	**117.734**
Addition/decrease reserves	0	79.746	0	-79.746	**0**	0	**0**
Dividends paid	0	0	0	-185.625	**-185.625**	0	**-185.625**
Balance at 31 December 2015	**1.278.688**	**759.548**	**-651.430**	**589.313**	**1.976.119**	**1.079**	**1.977.198**

The above information is disclosed in the notes 'Equity' and as regard to ‘other comprehensive income’ in the notes ‘Income tax expenses’ and 'Employee benefit liabilities'.

Consolidated statement of cash flows

(In thousands of EUR)	Notes	2015	2014
Profit for the period		284.443	417.039
Amortization of intangible assets	7, 12	44.264	45.598
Depreciation on property, plant and equipment	7, 13	292.841	287.550
Change in provisions (Reversal -; Recognition +)	7, 24	-2.450	-4.257
Impairment current assets (Reversal -; Recognition +)	7	-1.383	-13.670
Gains or losses on realization receivables		11.690	24.195
Net finance costs	10	208.989	204.826
Change in fair value of derivative financial instruments	10	-24.125	48.380
Gains or losses on sale of property, plant and equipment		40.308	32.280
Movement in government grants	25	0	-226
Income tax expense	11	142.767	-188.737
Operating cash flow before change in working capital and provisions for employee benefits		**997.344**	**852.978**
Change in inventories	17	-11.117	-2.191
Change in trade and other receivables		486.697	-996.509
Change in trade payables and other current liabilities		80.447	36.227
Change in employee benefits		-42.821	-33.098
Net operating cash flow		**513.206**	**-995.571**
Interest paid		-211.917	-195.254
Interest received		2.306	3.458
Financial discount on debts	10	673	854
Income tax paid		-19.002	-3.194
Net cash flow from operating activities		**1.282.610**	**-336.729**
Proceeds from sale of property, plant and equipment		3.091	2.336
Purchase of intangible assets	12	-43.291	-44.953
Purchase of property, plant and equipment	13	-391.201	-453.926
Net investments		0	-104
Proceeds from sale of other investments	15	387	0
Net investments in long term receivables		9	-22
Net cash flow used in investing activities		**-431.005**	**-496.669**
Proceeds from issue of shares	20	117.734	0
Repayment of share capital	20	-895.798	-51.981
Repayment of borrowings	21	-516.126	-269.223
Proceeds from borrowings	21	400.000	300.000
Proceeds from bonds/borrowings	21	0	1.274.998
Change in current liabilities	21	225.238	-226.317
Transfer of guarantee for allotments	26	-2.285	0
Dividends paid	20	-185.625	-190.202
Net cash flow from/used in financing activities		**-856.862**	**837.275**
Net increase/decrease in cash	**20**	**-5.257**	**3.877**
Cash and cash equivalents at the beginning of period		**8.913**	**5.036**
Cash and cash equivalents at the end of period		**3.656**	**8.913**

Notes to the consolidated financial statements

1. Reporting entity

The consolidated financial statements of the Economic Group Eandis comprise – beside the accounts of the 7 Flemish Distribution System Operators (DSOs) Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas – the accounts of the subsidiaries being the operating company Eandis cvba, and its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and SYNDUCTIS cvba. The aggregated accounts taken together form the 'Economic Group'.
The DSOs are being managed centrally by their operating company Eandis.

The statutory aim of the DSOs is the distribution system operation as understood by the Flemish Energy Decree and their execution resolutions, as well as carrying out each peripheral activity, such as public lighting.
The main activities are subject to the regulation by the Flemish Regulator of Electricity and Gas (VREG). For more information, see chapter 'Operating in a regulated environment'.
The Group can also carry out other activities such as energy services to local authorities (ESLA). At request of the local public authorities (municipalities, cities, …) Eandis offers support at cost price aiming at planning and implementing efficient measures and projects for energy saving and energy efficiency.
During 2014, the development, construction and operation of district heating grids and the delivery of heat was added to the portfolio of services.

The companies IMEA, Imewo, Intergem, Iveka and Iverlek are mission charged associations according to the provisions of the Flemish Decree on Intermunicipal Cooperation (6 July 2001). Until recently, the companies Gaselwest and Sibelgas were intermunicipal associations under the form of cooperative societies with limited liability. On 1 January 2015, the legal status of the company Gaselwest was converted to a mission charged association to comply as much as possible with the articles of association of the other Flemish DSOs (Decree of 25 April 2014 – on cross-border intermunicipal companies) and on 30 June 2015 the same adoption took place for Sibelgas.

Electrabel, the private partner of the DSOs, sold its shares in the DSOs on 29 December 2014. All of these shares were purchased by the DSOs' public shareholders.

As from 2015 onwards, the DSOs are no longer subject to legal entity tax but to corporate income tax. This change has an impact on the shareholders' equity and profit as deferred taxes were recognized in 2014.

All companies of the Group are registered in Belgium.

In October 2011 the rating agency Moody's Investors Service ('Moody's') granted Eandis an 'A1' credit rating (negative outlook) which was confirmed on 10 September 2015. The rating allows Eandis to issue bonds in the international financial markets.

Eandis cvba was active in 234 cities and municipalities and employed, together with its subsidiaries, on average 4.480 persons during 2015.

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 Community on 31 December 2015. The Group has not applied new IFRS requirements that are effective after 2015.

The consolidated financial statements are 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 the companies, directly or indirectly, hold 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 companies, 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 companies. 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 that are 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.

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

2.3 Segment information

The Group does not distinguish between different segments, neither at the level of activities, nor geographically, since the Group generates income from a sole activity, i.e. distribution network management (electricity and gas) in Flanders.

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 compared to 2014.
As a consequence of the introduction of a section ‘assets under construction’ (as part of the property, plant and equipment), the valuation rules have been refined. Likewise, the accounting principles have been adopted to be in accordance with the Belgian tax rules as the DSOs are subject to corporate income tax starting from 2015.
The impact of these adjustments concerns mainly the depreciation of property, plant & equipment and trade receivables which is described in the corresponding notes.

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

a) Operating income

Goods sold and services rendered
Revenue from sale of goods has been recognized when all of the following conditions have been satisfied: the Group transferred the significant risks and rewards of ownership of the goods to the buyer; the Group retains neither the continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be determined reliably; it is probable that the economic benefits associated with the transaction will flow to the Group; and costs incurred or to be incurred in respect of the transaction can be measured reliably.

On the basis of the previously mentioned principles the sale of goods and the rendering of services have been recognized at the moment of delivery of the goods to the customer, of the customer accepting the goods and of the collectability of the related amounts.

Distribution network remuneration (energy transport) – Social function (energy supply)
The distribution grid revenue (grid fee) is based on the actual billing of the grid fee of the DSOs in the relevant year.
The billing of grid fee to energy suppliers and other DSOs is based on the approved tariffs that are published on the websites of the respective DSOs. The real grid fee invoice contains invoiced advances (for customers whose meter is recorded annually), settlement billing (from annually recorded, manual monthly recorded and remotely read access points) as well as rectification invoices recorded in the calendar year concerned.

Interest income is recorded as soon as acquired and for the period to which it relates (taking into account the asset’s actual interest rate), unless there is doubt about its collectability.

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 it 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) Expenses

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 *taxes on profit or loss* for the financial year include the current and deferred taxes. The tax on profit of the year is recorded in the profit and loss accounts unless they relate to transactions that were recorded directly in equity. In this case, the taxes are directly charged to equity.
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. For the calculation of the income tax on the taxable income for the year, the current tax rate (that has been enacted or substantively enacted by the end of the reporting period) is used.
Deferred taxes are recognized for temporary differences between the tax values of assets and liabilities and the carrying amounts for financial reporting purposes.

Until the end of 2014 the DSOs are only subject to legal entity tax on the portion of the dividend granted to the private partner/participant (Electrabel N.V.). As from 2015 onwards, the DSOs will have to pay corporate tax, as well as Eandis and its subsidiaries.

c) Intangible assets

Intangible assets are measured at cost less any accumulated amortizations and possible impairment losses.

Costs relating to research, which is carried out with the purpose of obtaining new technical knowledge and insights, are recognized in the income statement in the period in which they occur.
Costs relating to the development phase, in which knowledge obtained through research is applied in order to achieve a plan or design for the production of new or significantly improved products and processes, are included in the balance sheet if and only if the product or process was technically and commercially feasible, the entity has the necessary resources to complete the development, it is probable that future economic benefits will flow into the Group and the cost can be measured reliably. The capitalised amount includes all costs that are directly attributable to the creation, production, and the preparation of the asset, so that it could operate in the same manner as intended by the management.

Intangible assets with a finite useful life are amortized on a straight-line basis over their expected useful life. Another amortization method is only used if the expected pattern of consumption of the future economic benefits of the asset was better reflected.
Intangible assets are not revalued.
When the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following amortization percentages are used in the calculation of depreciation:

Software	20,00 %
Cost for smart projects, clearing house and district heating	20,00 %

d) Property, plant and equipment

Property, plant and equipment are measured at historical cost less third party contributions, the accumulated depreciations and impairment losses. The historical cost comprises the initial purchase price plus other directly attributable costs.

The cost price of assets of own-production comprises the cost of material, direct labour cost and a reasonable part of indirect labour costs. These indirect labour costs comprise that part of general administrative and operational costs that cannot be directly attributed to investment expenses. These costs (for the largest part personnel costs) are added to the cost price of investment projects according to the internal billing system.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item can be depreciated separately.

The Group recognizes the cost of an expansion or replacement part of such asset when these costs have been incurred if it is probable that the future economic benefits associated to that asset will flow to the Group and the asset's cost can be measured reliably. All other costs are expensed as incurred.

As from 2015 the costs of the networks not yet completed are classified as 'Assets under construction'. The investments reported are not depreciated.

Until 2014, depreciation is recognized in profit or loss on a straight-line basis as of the date of bringing into use and over the estimated useful life of each component of an item of property, plant and equipment.
As from 2015 the DSOs are subject to corporate income tax and the depreciation is calculated, in accordance with the tax rules, on a pro rata temporis basis during the year in which the asset is brought into use. This means that depreciation starts from the month after the month of bringing the asset into use.
Land is not depreciated. The applied depreciation percentages on the basis of the average useful life are as follows.

Construction and administrative buildings *	2,00 %
Networks and lines	2,00 %
Other distribution installations	3,00 %
Technical installations buildings*	4,00 %
Recycled equipment	6,67 %
Optical fibre	10,00 %
Electronic metering equipment	10,00 %
Office furniture and tools	10,00 %
Leasehold improvements*	10,00 %
Leasehold improvements – rented buildings*	11,12 %
Vehicles	20,00 %
Electronics in administrative buildings	20,00 %
Hardware	33,33 %
Test equipment EVA (Electric vehicles in action)	50,00 %

* The depreciation rates indicated with an asterisk were used from fiscal year 2014 for the newly acquired investments

In the opening balance sheet as per 1 January 2007 the Belgian GAAP carrying amount, as accepted by the CREG, was taken as the opening value for IFRS.

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is at its location and in the condition necessary for it to function in the manner intended by management.

Gains and losses on sale
Any gain or loss arising on a 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, collectability 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, are classified as operating lease.
Lease payments based on operating leases are expensed on a straight-line basis, unless another systematic method is more representative of the time pattern of the benefits for the user.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.
Impairment has been recognized if an asset's carrying amount exceeds the recoverable value. Impairment is charged directly to the income statement.

e) Investments
All investments are accounted for at trade date.

Investments in equity instruments consist of interests in entities in which the Group does not have significant influence or control. This is the case in companies where the Group has less than 20% of the voting rights. Such investments are designated as financial assets available for sale 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.

Options and warrants for the purchase of shares have been recognized at fair value. The fair value for the options and warrants was determined using the Black-Scholes model. Changes in fair value have been recognized in profit or loss.

f) Inventories
Inventories have been measured at purchase cost. Their value has been determined using the moving weighted average method.
An impairment is carried out on inventories if, due to its obsolescence, it is no longer usable or if its carrying amount exceeds the estimated sales price. If items of inventory have not been used for more than one year, an impairment of 100 % 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 amortized cost.

An allowance for doubtful debt is recognized if the collection of the receivable becomes doubtful and after comparison with the realizable value.
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.
In the framework of the full liberalization of the energy market in Flanders as per 1 July 2003, an impairment loss was recognized for the total amount including VAT of all receivables as per 31

December 2003, older than 6 months. These provisions have been reversed in view of the collection of these receivables or they have been used whenever these receivables have been written off.
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).
A provision for bad debt related to receivables from energy supplies by the Distribution System Operators is calculated and recorded on the basis of the average collection degree stemming from statistical data of the payment history that was kept since the liberalisation of the energy market for the main client categories.
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 justifies) the costs for this recovery, the receivable is completely impaired using the provision which was set up for this purpose.

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 three months), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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) Share capital

Up to the beginning of 2015, the share capital is represented by certificates C, shares A, C, D without nominal value and F and the shares/certificates E” and E. Together with the shares/certificates C, they are entitled to a dividend.
The shares A, C, D and F have voting rights; the certificates C, the shares/certificates E” and E do not have voting rights.
The profit is paid proportionally to the shares A or C and the certificates C after setting up the necessary reserves and after paying the remuneration for the F shares and the shares/certificates E” and E according to the reimbursement rate stipulated in the articles of association.

During 2015 the shares F and the shares/certificates E” and E were converted to shares A.
The shares A and C are entitled to a dividend.
The shares A and C have voting rights, the certificates C have no voting rights.

Dividends are recognized as a liability in the period in which they have been approved.

If there are components of the results that are the consequence of elements originating in the captive period (before 1 July 2003) and that would have affected the outcome of the relevant period, then this part of the result is assigned to the participants according to the terms as were applicable with respect to the distribution of net profit realized in the years preceding the first effects of liberalization.

j) Loans and borrowings

Interest bearing loans are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest bearing loans are measured 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) 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 guaranteed yield will be adapted 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.

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 valued on an annual basis by a qualified actuary.

l) Derivative financial instruments

The Group uses derivative financial instruments (Linear Constant Maturity Swap – LCMS; Interest Rate Swaps - IRS and other) to hedge the exposure to interest rate risks that arise from its financing activities. Derivative financial instruments are initially recognized at fair value. The gain or loss resulting from fluctuations in the fair value is immediately accounted for through the income statement. The fair value of the interest rate swaps was the estimated amount the Group would receive or pay to end the swap at the balance sheet date, taking into account the actual interest rate and the creditworthiness of the counterparty.
The derivatives do not qualify for hedge accounting.

m) Provisions, other

Provisions are recognized in the balance sheet when the Group has a present (legal or constructive) obligation as a result of a past event, and when it is probable that an outflow of financial resources will be required to settle the obligation and the obligation's amount can be reliably estimated.
The amount recognized as provision is the best available estimate on the balance sheet date for the expenses needed to meet the existing liabilities, possibly discounted if the money's time value is relevant.

n) Trade and other liabilities

Trade and other liabilities have been measured at amortized cost.

o) Income tax expense

Current tax assets and liabilities are offset only if the entity has a legally enforceable right to set off the recognized amounts and has the intention to either settle the obligation on a net basis, or to realize the asset and settle the liability simultaneously.

The deferred tax assets and liabilities reflect the deductible or taxable temporary differences between the carrying amounts and the tax values.
The deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the claim will be realized or the obligation will be met, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.
The deferred tax assets are recorded when it is probable that taxable profits will be realized to settle the deferred tax.

2.5 Summary of the new accounting standards applicable as from 2015

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 the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that might 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 in the period of the revision and the 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 a sensitivity analysis are disclosed in the note 'Pensions and other post-employment benefit plans'.

Derivative financial instruments
Information about major items of uncertainty and critical judgment with regard to the recording of the derivative financial instruments is included in the note 'Financial instruments: risks and fair value'.

2.7 Standards issued but not yet effective

The following new 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 Amortization, 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

Revenue

(In thousands of EUR)	2015	2014
Distribution and transport grid revenue	2.182.494	2.014.244
Sale of energy	72.579	68.963
Construction works for third parties	60.645	59.665
Other sales	0	5.775
Total	**2.315.718**	**2.148.647**

The Group has realized most of its revenue from the remuneration of the distribution and transport of electricity and gas via its networks. This revenue should be evaluated together with the regulatory transfers. The increase in distribution and transmission grid fee is due to the new tariff methodology of the VREG, which was applied as from 1 January 2015 and the additional adjustments to these tariffs during the year (see chapter 'Working in a regulated environment').
The sale of energy consists of the energy supplies to individuals who do not find an energy supplier on the market due to payment problems.
The billing of construction works for third parties comprises the construction works carried out by Eandis (possibly in synergy with other utilities) for the account of customers.
The other sales mainly comprise the revenue from costs billed for studies, combined heat and power projects and others. This item is being reported as ‘Other operating income - recuperations’ as from 2015 and amounts to 5.097 k EUR.

Other operating income

(In thousands of EUR)	2015	2014
Recuperations	44.170	72.433
Other	14.946	13.619
Other operating income	**59.116**	**86.052**
Own construction, capitalized	**302.928**	**546.308**

The recuperations relate to billings for work performed for customers, the reinvoicing of costs for RUE campaigns and the recovery of general expenses by contractors, insurance and other authorities. During 2015 an amount of 1.537 k EUR was received from the Natural Gas Fund (Aardgasfonds) (2014: 46.330 k EUR).

The other operating income mainly comprises allowances for damages and operations, gains on trade receivables (207 k EUR in 2015 and 224 k EUR for 2014) and gains on the sale of property, plant and equipment (2.189 k EUR in 2015 and 986 k EUR for 2014).

All costs related to distribution activities have been registered as operational cost. Periodically, a settlement has been recorded and certain costs related to investments have been activated through the item Own construction, capitalized. As a result, this revenue cannot be considered as an operating income.
The decline of this item during 2015 is the consequence of the changes in the accounting system, whereby for specific costs (mainly costs for services and other consumables) a direct allocation (netting) was recorded. The remainder that could not be assigned, has therefore decreased and is still recorded via the former procedure and included as an Own construction, capitalized.
This item also contains the contributions received from customers (103.275 k EUR for 2015 and 103.463 k EUR for 2014) which are also deducted as own construction, capitalized (-103.275 k EUR for 2015 and -103.463 k EUR for 2014).

4. Cost of trade goods

(In thousands of EUR)	2015	2014
Cost for transportation	455.715	440.576
Purchase of energy	30.030	28.833
Purchase of goods for resale	79.785	102.425
Purchase of grid losses	16.859	34.306
Certificates for green energy	443.594	400.781
Total	**1.025.983**	**1.006.921**

The **cost for transportation** includes the expense of the federal contribution amounting to € 61,2 million for 2015 (59,5 million for 2014). This contribution is used to finance certain public service obligations, the obligations for denuclearization, the reduction of emissions of greenhouse gases (Kyoto) and the costs relating to the regulation and control of the energy market. The DSOs charge these costs in their tariffs to the end users, through the suppliers i.e. a cascade mechanism (see note ‘Operating revenue’).

The Group has the obligation to buy **certificates for green energy** that were offered at a certain price. These certificates can be sold in an active market. The value of the certificates sold is lower than the purchase price. The resulting costs were included under the heading ‘Certificates for green energy’ as well as the revaluation cost to fair value and the solidarity contribution on the certificates for green energy (see note Trade and other receivables ').

5. Cost for services and other consumables

(In thousands of EUR)	2015	2014
Cost of purchase network grids	71.120	240.895
Cost for direct purchases	30.113	34.839
Fee for usage of installations	45.117	35.482
Advertising, information, documentation, receptions a.o.	9.320	12.604
Subsidy for rational use of energy (RUE)	72.820	54.318
Contribution 100 kWh free of charge	150.214	100.962
Contracts and administration costs	1.582	7.395
Consultancy and other services	56.394	94.883
Other	51.373	54.445
Total	**488.053**	**635.823**

The cost for services and other consumables decreased with 147.770 k EUR compared to 2014. This decrease is mainly due to lower costs of purchase of network grids (169.775 k EUR) due to changes in the accounting system and for these costs a netting can be carried out.
On the other hand, the premiums for the rational use of energy (18.502 k EUR) and the contribution for 100 kWh free of charge (49.252 k EUR) increased. The latter cease to exist at the end of 2015 and, and as a result all the advances were recorded in 2015 (see chapter 'Working in a regulated environment').

The item ‘Other’ comprises the costs for rent, communication, transport, insurance and other.

6. 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	16.308	16.261
Total	**368.472**	**383.343**

The employee benefit expenses amounted to 368.472 k EUR in 2015, a decrease of 14.871 k EUR compared to 2014, mainly as a result of the decrease in the contribution for pension plans and insurances.

The average number of employees amounted to 4.480 persons in 2015 and 4.645 persons in 2014.

7. Amortization, depreciation, impairments and changes in provisions

(In thousands of EUR)	2015	2014
Amortization of intangible assets	44.264	45.598
Depreciation of property, plant and equipment	292.841	287.550
Total amortization and depreciation	**337.105**	**333.148**
Impairment of inventories and trade receivables	-1.383	-13.670
Changes in provisions	-2.450	-4.257
Total	**333.272**	**315.221**

The amortization and depreciation amount to 337.105 k EUR at the end of 2015, an increase of 3.957 k EUR mainly as a result of depreciation of property, plant and equipment.
From 2015 the distribution system operators are subject to corporate income tax and hence the depreciation is calculated, in accordance with the Belgian tax rule, on a "pro rata temporis" basis during the year in which the asset is taken into service.
Also, networks for which the work is still in progress, are now reported in a separate category "Assets under construction" and are not depreciated.
Both measures have a beneficial effect on the total amount of depreciation: 5.188 k EUR lower amortisation for the intangible assets and 9.233 k EUR lower depreciation for the property, plant & equipment.
The impairment of trade receivables mainly concerns the use in 2014 of the provisions for doubtful receivables and overdue receivables (see note ‘Financial instruments: risks and fair value - credit risk’).
From 2015 onwards, the calculation of the provision for doubtful debts is based on statistical data obtained from the payment pattern of this category of clients (social suppliers). The impact of this adopted methodology on this category of clients is an extra cost of 2.885 k EUR.

The change in **provisions** mainly concerns the provision for rehabilitation costs which amounted to 2.192 k EUR in 2015 and 4.258 k EUR in 2014 (see note ‘Provisions, other’). The decrease of the provisions was due to the use (rehabilitation and sale of land) and more specific elements which could reduce the provision of the rehabilitation cost.

8. Other operational expenses

(In thousands of EUR)	2015	2014
Loss on disposal/retirement of property, plant and equipment	42.506	33.267
Loss on realization receivables	11.897	24.419
Other	1.485	2.726
Total	**55.888**	**60.412**

9. Regulated balances and transfers

Since 2011 the Group reports the additions, recoveries and regularisation for transfers in this separate section as ‘Operating expenses’, where previously they were reported as ‘Revenue'.
The Group believes that the balance between actual income and expenses and the budgeted income and expenses is not part of revenue, since the recovery through tariffs will occur in a subsequent period.

The regulated balances and transfers for 2015 and 2014 are as follows:

(In thousands of EUR)	2015	2014
Addition regulated transfers	0	-101.995
Recuperation regulated transfers	53.726	0
Addition regulated balances	-259.705	0
Total	**-205.979**	**-101.995**

The revenue of the items ‘Addition and recuperation transfers’ relate to the additional revenue registration that is allowed as the difference between the actual income and expenses and the budgeted income and expenses as approved by the regulator. The result thus additionally reported will be recuperated through the tariffs of the following years (see chapter ‘Operating in a regulated environment’).
The additions of 2015 concern the regulatory balances (new terminology of the VREG) and consist of 218.001 k EUR exogenous expenses that may be charged to future tariffs and 41.704 k EUR non-exogenous costs (volume differences).

10. Financial results

(In thousands of EUR)	2015	2014
Interest income, banks	104	1.697
Interest income, derivative financial instruments	24.125	0
Other financial income	2.782	3.160
Finance income	**27.011**	**4.857**
Interest expenses, non-current loans	-200.922	-193.092
Interest expenses, current loans and other borrowings	-2.362	-1.678
Interest expenses, derivative financial instruments	0	-48.380
Other financial expenses	-8.590	-14.687
Finance costs	**-211.874**	**-257.837**

Financial income increases with 24.125 k EUR due to fair value adjustment of the derivative financial instruments which reported a loss in 2014 (see Financial expenses).
The other financial income contains mainly interest received from cash deposits, financial discounts received and income in 2014 from government grants.

The **interest expenses** on non-current and current loans increase with 8.514 k EUR in comparison to 2014.
The other financial expenses decrease with 6.097 k EUR compared to 2014 mainly due to the lower interest expenses on the defined benefit pension plans. Others items recorded in this item are incurred costs for loans and various bank costs.

11. Income tax

(In thousands of EUR)	2015	2014
Tax expenses on current year result	-122.605	-5.796
Tax expenses on previous year result	-15	19
Tax increase	-739	0
Deferred tax gains (losses)	-19.408	194.514
Total income tax expenses	**-142.767**	**188.737**

(In thousands of EUR)	2015	2014
Profit before tax	336.708	228.301
Theoretical tax rate (1)	114.447	77.600
Specific tax regime DSOs (2)	0	-76.185
	114.447	1.415
Effect non-deductable expenses	19.871	6.905
Effect deductable expenses	-11.713	-4.138
Usage of fiscal loss carried forward	0	0
Private entity tax DSOs on dividends for the private partner/shareholder	0	1.614
Total income tax expenses	**122.605**	**5.796**

(1) Subject to the legal Belgian tax rate of 33,99 %
(2) Up to 2014, the DSOs were only taxable on the amount that is allocated as a dividend to their Private Partner/shareholder for the gas activity. This dividend tax is calculated at 25,75 %.

Deferred taxes
Based on the Programme Act of 19 December 2014, the DSOs are subject to the corporate income tax of 33,99 % as from accounting year 2015. Since this law was enacted in 2014, deferred taxes on temporary differences between the tax values of assets and liabilities and their carrying amounts for financial reporting purposes are to be recorded in accordance with the application of IAS12 Income tax.
The calculation of deferred taxes has an important effect on the different components of the Group's equity.
Based on the Programme Act of 10 August 2015 it was clarified that the recorded provisions for liabilities and charges could be considered as having been already taxed (taxed reserve). Therefore, an amendment was made compared to the calculation of 2015 for this item.

The deferred taxes are a result of the following items and trigger the following movements on the balance sheet, the income statement and equity:

(In thousands of EUR)	2015	2014
Property, plant & equipment	-558.704	-572.457
Derivative financial instruments	49.364	57.579
Employee benefit liabilities	170.692	202.889
Provisions, rehabilitation	1.617	1.776
Provisions, other	2.171	-2.311
Net deferred tax asset/(liability)	**-334.860**	**-312.524**

(In thousands of EUR)	2015 Movements via P&L	2015 Movements via OCI	2014 Movements via P&L	2014 Movements via OCI
Property, plant & equipment		13.753		-572.457
Derivative financial instruments	-8.215		57.579	
Employee benefit liabilities	-15.515	-16.682	137.470	65.420
Provisions, rehabilitation	-159		1.776	
Provisions, other	4.482		-2.311	
Deferred tax benefit/(expense)	**-19.408**	**-2.929**	**194.514**	**-507.038**
Net movement during the year	**-22.337**		**-312.524**	

The main temporary differences relate to the revaluation of property, plant & equipment and the provisions for pensions and other post-employment benefits. A deferred tax liability was recorded of 558.704 k EUR (572.457 k EUR in 2014) related to the revaluation of property, plant & equipment since, according to the Belgian tax law, the costs are not deductible. Concerning the pension and other post-employment benefit provision, the costs will be deductible according to the Belgian tax law, and therefore a deferred tax asset was recorded of 170.692 k EUR (202.889 k EUR in 2014).

(In thousands of EUR)	2015	2014
Deferred tax asset	223.843	262.245
Deferred tax liabilty	-556.533	-574.768
Deferred tax liability, net	**-334.860**	**-312.524**

The movements in the item deferred tax liability are as follows:

(In thousands of EUR)	2015	2014
As per 1 January, 2014	**-312.524**	**0**
Tax income/(expense) recognised in profit or loss	-19.408	194.514
Tax income/(expense) recognised in OCI of the previous periods	-2.929	-507.038
As per 31 December 2014	**-334.860**	**-312.524**

12. Intangible assets

(In thousands of EUR)	Licences and similar rights	Research costs	Total
Acquisition value at 1 January 2015	19.958	230.527	250.485
Acquisitions	333	42.958	43.291
Other	-15.546	0	-15.546
Acquisition value at 31 December 2015	**4.745**	**273.485**	**278.230**
Amortization and impairment at 1 January 2015	18.608	125.318	143.926
Amortization	478	43.786	44.264
Other	-15.546	0	-15.546
Amortization and impairment at 31 December 2015	**3.540**	**169.104**	**172.644**
Net book value at 31 December 2015	**1.205**	**104.381**	**105.586**

(In thousands of EUR)	Licences and similar rights	Development costs	Total
Acquisition value at 1 January 2014	19.470	186.062	205.532
Acquisitions	1.310	44.465	45.775
Other	-822	0	-822
Acquisition value at 31 December 2014	**19.958**	**230.527**	**250.485**
Amortization on and impairment at 1 January 2014	17.879	80.449	98.328
Amortization	729	44.869	45.598
Amortization and impairment at 31 December 2014	**18.608**	**125.318**	**143.926**
Net book value at 31 December 2014	**1.350**	**105.209**	**106.559**

The investments for the projects smart metering, smart grids, smart users (as from 2012) and district heating (as from 2014) are recorded as ‘Development costs’. The acquisitions for the project smart metering amounted to 9.97 k EUR for 2015 and 14.695 k EUR for 2014.
No research costs are included in the income statement for 2015 and 2014.
There were no intangible assets with an indefinite useful life.

13. Property, plant and equipment

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con struction	Total
Acquisition value at 1 January, 2015	260.992	12.657.106	397.202	19.062	3.738	13.338.100
Acquisitions	7.249	213.522	10.554	23	160.880	392.228
Sales and disposals	-1.847	-177.776	-52.506	0	0	-232.129
Transfer to others	4.567	169.025	-170.018	0	-3.574	0
Acquisition value at 31 December, 2015	**270.961**	**12.861.877**	**185.232**	**19.085**	**161.044**	**13.498.199**
Depreciation and impairment at 1 January, 2015	90.749	5.141.245	343.864	16.618	0	5.592.476
Depreciation	3.948	278.106	8.977	1.810	0	292.841
Acquisitions from third parties	680	2	345	0	0	1.027
Sales and disposals	-1.335	-135.142	-52.253	0	0	-188.730
Transfer to others	412	138.553	-138.965	0	0	0
Depreciation and impairment at 31 December, 2015	**94.454**	**5.422.764**	**161.968**	**18.428**	**0**	**5.697.614**
Net book value at 31 December, 2015	**176.507**	**7.439.113**	**23.264**	**657**	**161.044**	**7.800.585**

(In thousands of EUR)	Land and buildings	Installation, machinery and equipment	Furniture and vehicles	Others	Assets under con-struction	Total
Acquisition value at 1 January, 2014	242.024	12.385.696	387.783	17.711	0	13.033.214
Acquisitions	21.749	426.079	15.158	223	3.738	466.947
Sales and disposals	-1.629	-154.693	-5.739	0	0	-162.061
Transfer to others	-1.152	24		1.128	0	0
Acquisition value at 31 December, 2014	**260.992**	**12.657.106**	**397.202**	**19.062**	**3.738**	**13.338.100**
Depreciation and impairment at 1 January, 2014	74.931	5.001.121	329.382	13.916	0	5.419.350
Depreciation	4.007	261.227	19.703	2.613	0	287.550
Acquisitions from third parties	12.769	61	188	0	0	13.018
Sales and disposals	-845	-121.188	-5.409	0	0	-127.442
Transfer to others	-113	24	0	89	0	0
Depreciation and impairment at 31 December, 2014	**90.749**	**5.141.245**	**343.864**	**16.618**	**0**	**5.592.476**
Net book value at 31 December, 2014	**170.243**	**7.515.861**	**53.338**	**2.444**	**3.738**	**7.745.624**

The acquisitions reported in the item ‘Installations, machinery and equipment’ mainly relate to the investments in mid and low voltage electricity networks for a total value of 167.615 k EUR in 2015 and 227.963 k EUR in 2014 and investments in gas pipe lines and gas connections for a value of 111.582 k EUR in 2015 and 144.751 k EUR in 2014.

The commitments for the acquisition of property, plant and equipment at the end of 2015 amounted to 3.570 k EUR and 2.767 k EUR at the end of 2014. A commitment to sell property, plant and equipment for 500 k EUR existed at the end of 2015.

The net book value includes the assets paid by clients (third party intervention) and corresponds to the fair value of the Group’s network.

As per 31 December 2015 and 2014, there are no restrictions on title and property, plant and equipment serving as pledge for liabilities.

14. Investment in an associate

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 Distribution System Operators 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 an 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’).

15. 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 centre Kempen).

16. Long term receivables

This category consists almost exclusively of loans to local authorities at market conditions and amounted to 1.155 k EUR at the end of 2015 and 1.426 k EUR at the end of 2014.

17. 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.

18. Trade and other receivables

(In thousands of EUR)	2015	2014
Trade receivables - gross	427.015	399.849
Impairment	-75.763	-77.147
Total trade receivables - net	351.252	322.702
Other receivables	643.882	1.364.945
Other receivables - Transfers	770.826	575.367
Total other receivables	1.414.708	1.940.312
Total trade and other receivables	**1.765.960**	**2.263.014**

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

The detail of the **trade receivables – net** is as follows.

(In thousands of EUR)	2015	2014
Trade receivables from distribution grid activities		
Outstanding debt	235.425	199.096
Impairment	0	0
Trade receivables social customers		
Outstanding debt	101.429	108.270
Impairment	-62.556	-62.626
Other trade receivables		
Outstanding debt	51.743	39.609
Construction works for third parties	29.041	17.878
Impairment	-13.207	-14.521
Trade receivables public authorities, state and country	4.211	18.327
Other	5.166	16.669
Total trade receivable - net	**351.252**	**322.702**

The trade receivables from distribution grid activities increase with 36.329 k EUR and amount to 235.425 k EUR at the end of 2015.

The net amount of trade receivables from social customers decreased from 45.644 k EUR in 2014 to 38.873 k EUR in 2015.

The 'Other trade receivables' include an amount of 566 k EUR for 2015 and 1.124 k EUR for 2014 related to bad debts from the period before the energy market's liberalization, as well as receivables related to finished construction works and services rendered and costs still to be billed related to works for third parties.

The trade receivables from distribution grid activities are payable within 18 calendar days following the dispatch of the invoice as provided in the Access Code.

The detail of the **other receivables** is as follows.

(In thousands of EUR)	2015	2014
VAT receivable	88	131
Receivables municipalities	93	316
Green energy and cogeneration certificates	627.085	444.477
Receivables options	3.506	3.541
Others	13.110	916.480
Other receivables	643.882	1.364.945
Transfer tariff	658.965	452.986
Complement to annual energy sales	57.807	63.467
Solidarity receivables related to the certificates for green energy	16.993	31.548
Deferred charges	11.249	4.565
Accrued income	25.812	22.801
Other receivables - Transfers	770.826	575.367
Total other receivables	**1.414.708**	**1.940.312**

The decrease in **other receivables** with 721.063 k EUR to 643.882 k EUR was mainly due to the items reported as 'Others' partly compensated by an increase of unsold renewable energy certificates (REC) and combined heat & power certificates (CHPC).

The **RECs and CHPCs** amount to 627.085 k EUR compared to 444.477 k EUR in 2014.
Due to the application of the 'banking principle', being the temporary immobilization of the surplus certificates with a guarantee by the Flemish Region for a certain number of certificates to be sold at an agreed price, and the permanent purchase of certificates this item is increasing further. On the other hand, the certificates are offered for sale at quarterly intervals on the market.
As a result of the steady increase of the amount of RECs, the Flemish Minister of Energy decided to diminish, as from 2016, the unsold certificates (gradually) by increasing the quota of the market and through an increased contribution in an energy fund.
During 2015 and 2014, the certificates were offered for sale on a quarterly basis. A total amount of 22.540 k EUR of RECs were sold in 2015 (2014: 127.176 k EUR) and for 44.022 k EUR CHPCs (2014: 11.034 k EUR). The result from the sale amounts to 87 k EUR profit in 2015 (2014: 10.443 k EUR) and has been included in the item 'Cost of trade goods'.
As from 2014, the value of the RECs and the CHPCs that are not being guaranteed by banking was restated respectively from 93 euro to 88 euro per certificate and from 27 euro to 20 euro per certificate. The result from this operation amounts to 54.504 k EUR and has also been included as a 'Cost of trade goods'. For 2015, the same market price still applies.

The item **'Others**' contains at year-end 2014 an amount paid by Eandis on 29 December 2014 as exit fee to Electrabel, the private partner in the DSOs. This payment was carried out in the name and on behalf of the public authorities (municipalities and cities). The necessary funds were obtained from the issuance of bond loans and bank borrowings (see note 'Interest bearing loans and borrowings'). The settlement with Eandis was carried out early 2015.

Transfer tariff is related to the revenue correction that is eligible for inclusion in the following tariff period (see chapter 'Working in a regulated environment – The billing mechanism').

The **complement to the annual energy sales** concerns the estimate of the energy supplied to social customers but not yet invoiced.

Solidarity contribution for RECs
The cost of green power differs greatly for each distribution area in Flanders. In the Energy Decree, the distribution system operators are committed to a mutual settlement of the costs since 2010. The principles and procedures are initiated by the VREG (Flemish Regulator for Electricity and Gas). Since the settlement can be both a receivable or a liability, this item must be read together with the item reported in the notes 'Trade and other payables'.

The **deferred charges and accrued income** mainly concern the amounts to be settled on the purchase of energy.

19. Cash and cash equivalents

Cash and cash equivalents comprise bank deposits, cash resources and fund investments that are readily exchangeable into cash. At the end of 2015 an amount of 3.656 k EUR was available and 8.913 k EUR at the end of 2014.
All resources are reported in euro.

20. Issued capital and reserves

The various components of equity and the movements from 1 January 2014 to 31 December 2015 were reflected in the 'Statement of changes in equity'.

The **share capital** amounted to 1.278.688.431,18 EUR at the end of 2015 and 2.056.751.688,71 EUR at the end of December 2014. The capital was fully subscribed and paid up. It represents the sum of the capitals of the DSOs.

On 29 December 2014 Electrabel, the private partner in the DSOs exited as a member/partner from the seven DSOs and all of its shares were purchased by the public authorities (municipalities and cities).
To enable this exit, a capital increase was carried out by transferring an amount of 6.076 k EUR from the reserves and 178.242 k EUR from the retained earnings followed by a capital decrease of 51.981 k EUR.
Eandis has carried out the payment to Electrabel in name and on behalf of the public authorities.

In 2015 the funding of this operation was continued as well as the optimization of the DSOs' shareholders' structure. A capital decrease of 885.797.564,22 EUR was carried out on 2 January 2015.
On 9 January 2015 certain municipalities from the DSOs Gaselwest, Imewo, Intergem, Iveka and Iverlek subscribed to a capital increase for a total amount of 61.589.310,01 euro. This capital increase was organized to optimize the capital-cost structure (fair remuneration) of the equity of the associates. The proposed capital increase represented a total amount of 236,3 million euro which was only partially subscribed.

In the second quarter of 2015 the enrollment period of the previous capital increase was re-opened, with the same terms as the initial capital increase. In June 2015, 29.146.555,36 euro was subscribed to.
In April 2015, Sibelgas also subscribed for an amount of 26.998.441,32 euro in the capital.
Finally, Sibelgas reduced its capital on 29 December 2015 for 10.000.000,00 euro to balance the capital ratio with the other DSOs. The amount was recorded as a liability and is disclosed in the note 'Trade and other payables'.
The table below shows a summary of the 2015 movements of the share capital

Date	Transaction	Amount (In thousands of EUR)
31 December 2014		**2.056.752**
2 January 2015	Capital decrease	-885.798
9 January 2015	Capital increase	61.589
1 April 2015	Capital increase	26.998
29 June 2015	Capital increase	29.147
29 December 2015	Capital decrease	-10.000
31 December 2015		**1.278.688**

The table below shows the movements in the number of shares and profit certificates per category in the capital of each DSO at the end of 2015.

	Shares A and C		Profit certificates C		Total	
DSO	**Number**	**Capital (In €)**	**Number**	**Capital (In€)**	**Number**	**Capital (In €)**
Gaselwest	23.516.814	272.550.409,97	119	0,00	23.516.933	272.550.409,97
IMEA	13.397.899	126.070.700,07	12	0,00	13.397.911	126.070.700,07
Imewo	21.661.488	257.867.873,74	87	0,00	21.661.575	257.867.873,74
Intergem	11.178.550	97.961.020,49	48	0,00	11.178.598	97.961.020,49
Iveka	18.442.017	199.230.489,93	93	0,00	18.442.110	199.230.489,93
Iverlek	29.444.704	254.083.895,51	103	0,00	29.444.807	254.083.895,51
Sibelgas (1) (2)	3.264.382	70.924.041,47	0	0,00	3.264.382	70.924.041,47
Total	**120.905.854**	**1.278.688.431,18**	**462**	**0,00**	**120.906.316**	**1.278.688.431,18**

(1) Shares C
(2) In Sibelgas, 10.000 shares D are issued without representation in the share capital and 3 shares C

The table below shows the movements in the number of shares and profit certificates per category in the capital of each DSO at the end of 2014.

	Shares A and C		Profit certificates C		Shares/Profit certificates F	
DSO	**Number**	**Capital (In €)**	**Number**	**Capital (In €)**	**Number**	**Capital (In €)**
Gaselwest	13.636.330	215.818.791,76	119	0,00	2.718.294	177.335.132,75
IMEA	6.857.503	78.291.503,34	12	0,00	1.371.491	69.488.003,84
Imewo	13.471.943	241.819.942,33	87	0,00	2.694.379	139.827.154,47
Intergem	7.201.570	97.857.675,40	48	0,00	1.440.300	76.100.180,77
Iveka	10.798.392	157.972.237,48	93	0,00	2.091.014	109.233.217,70
Iverlek	16.177.467	172.569.619,65	103	0,00	3.235.487	153.054.430,90
Sibelgas (1) (2)	4.091.477	12.360.177,25	0	0,00	808.289	22.354.333,22
Total	**72.234.682**	**976.689.947,21**	**462**	**0,00**	**14.359.254**	**747.392.453,65**

	Shares/Profit certificates E''		Shares/Profit certificates E		Total	
DSO	**Number**	**Capital (In €)**	**Number**	**Capital (In €)**	**Number**	**Capital (In €)**
Gaselwest	843.437	54.997.639,49	436.906	15.160.239,04	17.635.086	463.311.803,04
IMEA	571.748	27.094.533,18	1.092.956	29.473.156,59	9.893.710	204.347.196,95
Imewo	74.990	4.616.255,71	1.150.503	37.939.814,00	17.391.902	424.203.166,51
Intergem	135.430	7.114.050,94	178.838	5.240.402,11	8.956.186	186.312.309,22
Iveka	601.258	32.255.094,00	438.610	14.150.572,96	13.929.367	313.611.122,14
Iverlek	1.148.536	55.093.403,62	1.144.387	30.323.036,53	21.705.980	411.040.490,70
Sibelgas	0	0,00	816.927	19.211.089,68	5.716.693	53.925.600,15
Total	**3.375.399**	**181.170.976,94**	**5.259.127**	**151.498.310,91**	**95.228.924**	**2.056.751.688,71**

(1) Shares C
(2) In Sibelgas, 10.000 shares D are issued without representation in the share capital and 3 shares C

The overview of the **reserves** is as follows:

(In thousands of EUR)	Legal reserves	Unavailable reserves	Available reserves	Total
Total at 1 January 2014	**1.031**	**347.722**	**171.684**	**520.437**
Addition in share capital	0	-6.076	0	-6.076
Transfers to reserves	21	39.155	142.541	181.717
Transfers from reserves	0	0	-16.276	-16.276
Transfer between reserves	0	-380.801	380.801	0
Total at 31 December 2014	**1.052**	**0**	**678.750**	**679.802**
Transfers to reserves	0	39.288	40.458	79.746
Total at 31 December 2015	**1.052**	**39.288**	**719.208**	**759.548**

A *legal reserve* has been formed amounting to 1.052.134,94 EUR. This legal reserve has been formed from the profits, at the rate of 5 % until a maximum of 10 % of the fixed part of the share capital as determined by the articles of association.

An *unavailable reserve* has been formed during the period prior to the energy market's liberalization (captive period), according to the guidelines issued by the Flemish authorities for a total amount of 63.832 k EUR.
Since 2008 amounts were included as unavailable reserve equal to the depreciation of the (RAB-added value) revaluation surplus value in accordance with the settlement with the CREG. From 2010 onwards, the costs of the surplus value of land, buildings and installations sold during the accounting year were taken into account. The addition to the reserves for 2015 amounted to 39.288 k EUR and 39.155 k EUR for 2014.
Furthermore, it was decided to transfer during 2014 the total of the unavailable reserves of 380.801 k EUR to the available reserves (see below) and to add a portion to the share capital amounting to 6.076 k EUR.

The total *available reserves* at the end of 2015 amounted to 719.208 k EUR (2014: 678.750 k EUR). The increase in 2015 amounting to 40.458 k EUR stems from the result of the year.
The net movement of 507.066 k EUR of 2014 is due to the inclusion of an amount from the unavailable reserves amounting 380.801 k EUR. Furthermore, the part related to the 'Bonus' 2013 and 2014 amounting to 49.960 k EUR, and 92.581 k EUR from the retained earnings were included, but 16.276 k EUR was withdrawn to guarantee the dividend.

The other components of equity i.e. **other comprehensive income** for 2015 amounted to 651.430 k EUR (2014: 699.505 k EUR) and contain the accumulated actuarial losses relating to pensions and other post-employment employee benefits amounting to 141.464 k EUR and since 2014 also the effect of the recording of deferred taxes for an amount of 509.966 k EUR.
The movement of the actuarial differences for employee benefits amounts to a profit of 51.003 k EUR (2014: 38.824 k EUR loss). This is a result of the changes in the assumptions (see note 'Pensions and other post-employment employee benefit plans').
The movement of the deferred taxes was explained in the note 'Income tax expenses'.

(In thousands of EUR)	**2015**	**2014**
Long term employee benefits	-141.464	-192.467
Deferred tax	-509.966	-507.038
Total OCI	**-651.430**	**-699.505**

A **non-controlling interest** amounts to 1.079 k EUR, unchanged in comparison to the end of 2014. A non-controlling interest of 35,97 % or 93 k EUR on Farys/TMVW 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 cvba 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.

Dividend
During the accounting year 2015 dividends were paid for a total value of 185.625 k EUR and 190.202 k EUR in 2014.
In 2014, the dividend payable to the private partner (Electrabel) was included into the exit price for the share transfer of the private partner.

Below is an overview of the dividends paid for 2015 and 2014 as well as per share/profit certificate and per DSO for 2014. As in 2015, only shares A & C and profit certificates C exist, the split is not detailed.

(In thousands of EUR)			Detail 2014 (In EUR)				
DSO	**2015**	**2014**	**Share A&C**	**Profit certificate C**	**Share F**	**Share/Profit certificate E"**	**Share/Profit certificate E**
Gaselwest	42.155	44.281	2,5824	2,5824	2,5266	2,0432	1,0873
IMEA	16.525	17.414	1,9423	1,9423	1,6932	1,4848	0,8449
Imewo	40.683	40.153	2,4555	2,4555	2,1298	1,9289	1,0333
Intergem	17.926	18.273	2,0553	2,0553	2,1412	1,6460	0,9182
Iveka	26.839	27.513	2,0339	2,0339	1,9589	1,6810	1,0109
Iverlek	36.764	37.529	1,7612	1,7612	1,9660	1,5031	0,8303
Sibelgas	4.733	5.039	0,9006	-	0,9310	-	0,7366
Total	**185.625**	**190.202**	**2,0843**	**2,1936**	**2,0351**	**1,6818**	**0,9026**

After the balance sheet date the Board of Directors of each of the DSOs has formulated a dividend proposal. The shareholders have approved the payment of these dividend balances at their DSO's General Assembly. According to IFRS these dividends are only reported in the year in which the dividends have been approved. The dividend balance for 2015 amounted to 1.758 k EUR and will be included in the 2016 accounts, the dividend balance for 2014 amounted to 21.512 k EUR and was included in the 2015 accounts.

The amounts mentioned are the net dividends before withholding tax.

The Group's **profit** comprises the fair remuneration, as described in the chapter 'Operating in a regulated environment'.

21. Interest bearing loans and borrowings

(In thousands of EUR)	**2015**	**2014**
Long term loans	**5.197.393**	**5.533.554**
Current portion of long term loans	738.558	516.126
Short term loans	225.238	0
Short term loans	**963.795**	**516.126**
Total	**6.161.189**	**6.049.680**

At the balance sheet date of 2015, the Group had taken up additional loans amounting to 1111.509 k EUR compared to 2014.
All loans are expressed in euro.

Long term loans
Overview of the long-term loans by category
At the end of 2015

(In thousands of EUR)	2015	Initial amount	Current interest rate %	Maturity
Bond issue - retail	319.970	320.000	4,00 - 4,25	2017-2020
Bond issue - EMTN*	2.639.987	2.660.500	1,75 - 4,50	2021-2033
Bond issue - private**	434.803	440.000	2,60 - 3,55	2027-2044
Bank loans - fixed interest rate	1.761.385	2.350.000	1,24 - 4,76	2016-2035
Bank loans - variable interest rate	34	53.153	0,88 - 2,68	2016
Bank loans - with derivative instrument	779.771	1.270.000	2,97 - 4,56	2023-2027
Total	**5.935.951**	**7.093.653**		
Current portion of long term debt	-738.558			
Total long term loans	**5.197.393**			

At the end of 2014

(In thousands of EUR)	2014	Initial amount	Current interest rate %	Maturity
Bond issue - retail	319.982	320.000	4,00 - 4,25	2017-2020
Bond issue - EMTN*	2.637.816	2.660.500	1,75 - 4,50	2021-2033
Bond issue - private**	434.565	440.000	2,60 - 3,55	2027-2044
Bank loans - fixed interest rate	1.806.489	2.757.916	1,24 - 4,76	2015-2029
Bank loans - variable interest rate	1.792	53.153	0,85 - 2,68	2015-2016
Bank loans - with derivative instrument	849.036	1.270.000	2,97 - 4,56	2023-2027
Total	**6.049.680**	**7.581.569**		
Current portion of long term debt	-516.126			
Total long term loans	**5.533.554**			

* EMTN: Euro Medium Term Note (is a programme to provide to the Group the flexibility to issue bond loans with different maturities)
** Private: bond issues according to German law: Schuldschein and Namensschuldverschreibung as well as private issues to institutionals (stand alone)

For bank loans – with derivative instrument the Group subscribed to interest rate swaps in order to swap the variable interest rate to a fixed interest rate or some forward interest swaps were concluded (see note ‘Derivative financial instruments’).

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

Overview of the long term loans issued and borrowings during 2015 and 2014

(In thousands of EUR)	2015	2014	Initial amount	Interest rate %	Maturity
Bank loans - fixed interest rate	400.000	0	400.000	1,52	2035
Total 2015	**400.000**	**0**	**400.000**		
Bond issue – private	50.467	50.413	52.000	3,55	2044
Bond issue – private	22.783	22.773	23.000	3,55	2036
Bond issue – EMTN	541.809	541.196	550.000	2,88	2029
Bond issue – private	169.428	169.409	170.000	3,00	2044
Bond issue - private	94.687	94.671	95.000	2,60	2034
Bond issue - EMTN	397.269	397.019	400.000	1,75	2026
Bank loans - fixed interest rate	188.133	200.000	200.000	1,64	2029
Bank loans - fixed interest rate	90.546	100.000	100.000	1,24	2024
Total 2014	**1.555.123**	**1.575.480**	**1.590.000**		

Short term loans

(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**	

(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 2014		**822.000**	**0**	**822.000**	

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

All loans, subscribed by Eandis cvba are in the name and on behalf of the DSOs who stand surety for their part and act as joint co-debtor except for the bank overdrafts.

22. Pensions and other post-employment employee 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. a minimum average yield for certain pension plans is imposed: currently 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 is 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.

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 (inflation excluded)	0,85%	0,75%
Expected inflation	1,65%	1,75%
Expected increase of health benefits (inflation included)	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	**8.462**	**-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	**4,37**
Qualifying insurance contracts		0,00	0,00	5,47	**1,30**
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 – inflation excluded (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.

23. Derivative financial instruments

The Group has entered into interest rate swaps in order to convert the variable interest rate on long term loans into a fixed interest rate. The derivative financial instruments have been measured at fair value for 145.715 k EUR in 2015 and 169.839 k EUR in 2014.

The changes in the fair value are recognized in the income statement (see note 'Financial results').

The fair value of derivative financial instruments entered into for hedging the interest rate risk is calculated on the basis of the discounted expected future cash flows taking into account current market interest rates and the yield curve for the instrument's remaining maturity.

Overview of the derivative financial instruments
A Linear constant maturity swap within the framework of the original 200 million EUR loan with a maturity of 20 years concluded in June 2003 entered into force in June 2013.
A Linear constant maturity swap within the framework of the original 220 million EUR loan with a maturity of 20 years concluded in December 2004 entered into force in December 2014.
A Linear constant maturity swap within the framework of the original 200 million EUR loan with a maturity of 20 year concluded in December 2004 entered into force in December 2009.
A Bonus Range Accrual within the framework of the original 250 million EUR loan with a maturity of 20 year loan concluded in December 2006 entered into force in December 2011.
A Varifix within the framework of the original 250 million EUR loan with a maturity of 20 year concluded in December 2007 entered into force in October 2010.
A forward fixing IRS swap was concluded in July 2013 within the framework of a loan subscribed to in December 2013 for an amount of EUR 150 million over 10 years.

24. Provisions

(In thousands of EUR)	Rehabilitation	Other	Total
Total at 1 January 2014	24.138	596	24.734
Used	-4.258	0	-4258
Total 31 December 2014	**19.880**	**596**	**20.476**
Used	-2.192	-257	-2.449
Total at 31 December 2015	**17.688**	**339**	**18.027**

The provisions comprise the obligations recognized for the rehabilitation of the former gas factories' grounds. The DSOs own several gas factory grounds on which soil and groundwater have been polluted in the past. Tackling this pollution has already started on a voluntary basis and a framework agreement with OVAM was concluded in 2001. Meanwhile, the number of such grounds has been reduced. In a new agreement with OVAM, it will be determined what the spread in time, the budget, the order of priority and the modalities of execution of the works for rehabilitating the soil, and possibly other measures, will be.
A bank guarantee was given to OVAM for an amount of 10.764 k EUR in 2015 and 12.725 k EUR in 2014 within the framework of the transfer of a number of grounds, conforming to the applicable legislation.

The Group is working on possible sales of certain contaminated sites. In this context, several grounds were sold during 2012 and letters of intent were entered into with potential buyers.
On certain grounds already sold, rehabilitation duties still remain for an amount of 910 k EUR in 2015 and 710 k EUR in 2014 (see note 'Contingencies').

The decrease to the provision for rehabilitation was due to the use of (remediation) and more concrete elements for the estimation of the clean-up costs. No amounts were reversed nor were any amounts added to the provisions during 2015 and 2014.

The provision 'Other' relates to expenses for litigations with third parties and other provisions based upon the management's best possible estimate of the expenses that the Group might incur.

The expected timing of cash outflow is dependent upon the duration and the settlement of the various procedures.

25. Government grants

(In thousands of EUR)	2015	2014
Total at 1 January	0	214
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 mainly 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.

26. Trade payables and other liabilities

(In thousands of EUR)	2015	2014
Trade debts	268.099	161.155
VAT and other taxes payable	2.958	12.298
Remuneration and social security	62.756	65.763
Advances Soclev clients and other	34.211	36.589
Solidarity payables related to the certificates for green energy	71.935	55.971
Other current liabilities	207.512	237.688
Total	**647.471**	**569.464**

The items related to trade payables and other liabilities increase by 78.007 k EUR in comparison to 2014. The increase is the result of on the one hand, the increase in trade payables of 106.944 k EUR and solidarity payable for green energy certificates of 15.964 k EUR, and on the other hand, the decrease of other current liabilities with 30.176 k EUR.

The increase in trade payables mainly relates to the recording of accrued debts for the contribution of 100 kWh free of charge (46.645 k EUR) and the fact that for one of the major suppliers the invoices were not immediately paid anymore.

Since the settlement of the solidarity related to the certificates for green energy can be both a receivable or a liability, this item must be read together with the item reported in the notes 'Trade and other receivables'.

The major items related to the 'Other current liabilities' comprise a debt to shareholders amounting to 10.015 k EUR (2014: 51.981 k EUR) and the reserved amounts concerning the Bonus 2014 and 2013 amounting to 64.267 k EUR (2014: 64.267 k EUR) as reported under the

heading 'Share capital and reserves'. This section also contains charges to be allocated related to among others the interest expenses and costs on bond loans for an amount of 43.854 k EUR (2014: 45.968 k EUR).
Furthermore, it was decided to transfer in 2015 the accumulated funds from allotments built up until 2014 (23.368 k EUR) and the long term debt amounting to 2.285 k EUR as a debt for profit distribution amounting to 25.652 k EUR. The funds from allotments of 2015 are still recorded as deferred income and amount to 7.161 k EUR (2014: 23.368 k EUR).

The term and the conditions for the debts are as follows:
For the standard trade debts the average payment term amounted to 50 days after invoice date and for contractors 30 days after invoice date.
Debts for VAT and withholding tax are paid respectively 20 and 15 days after the end of the month. All debts are paid by the maturity date.

27. Current tax liabilities

(In thousands of EUR)	**2015**	**2014**
Tax expenses on current year result	122.605	5.796
Tax increase	739	0
Advances paid	-16.020	-2.557
Deductable witholding tax	-114	-423
Tax expense current year	**107.210**	**2.816**
Tax expenses on previous years	**268**	**304**
Total tax expenses	**107.478**	**3.120**

28. 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, and for compliance with the guidelines on risk management and reporting.

Equity structure

The Group's equity structure consists of equity and the financial liabilities.
Apart from the legally (Belgian) required minimum levels for equity that are applicable, the mission charged associations are also subject to the Flemish Decree on Intermunicipal Cooperation. This decree stipulates that by the end of 2018 at the latest no Private Partner / shareholder can participate in the share capital of mission charged associations (the principle of mixed mission charged associations companies will disappear). For the ex IGAO municipalities

(in IMEA, Intergem and Iveka), Iveka and Intergem this date is earlier, being 31 December 2014, 31 December 2016 and 14 September 2018 respectively.
On 29 December 2014 the share of the private partner/participant Electrabel N.V. in equity (Belgian GAAP) was purchased by the public participants.

The purpose of the Group is to maintain a strong balance sheet structure and to ensure that the Group can retain a 'good' credit rating from the credit rating offices. Hence, the Group is preparing the participation of a private partner and its statutory structure will be adjusted therefore (see note 'Events after the balance sheet date'). Also, some financing intermunicipal companies may be interested to participate in the share capital.

As the Group works within a regulated environment with a guaranteed remuneration (fair remuneration/profit and a guaranteed return/dividend), the risk is rather limited.
During 2015 and 2014 the Group fulfilled all 'expected' obligations.

The Group has called upon long and short term funding to support its capital structure.
The Group monitors its solvency. Solvency means the degree to which the Group, in case of liquidation, can meet its financial obligations towards the providers of debt capital.

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 Group pursues a credit policy whereby the credit risk is scrutinized and diversification of counterparties is necessary.
The maximum credit risk is each financial asset's balance sheet value.

Trade debtors
Ageing analysis of trade receivables past due, but not impaired

(In thousands of EUR)	**2015**	**2014**
1 - 60 days	12.285	-891
61 - 90 days	2.877	3.391
91 - 180 days	7.368	10.411
181 - 365 days	15.203	17.479
>365 days	20.101	18.679
Total trade receivable - net	**57.834**	**49.069**

Movements in accumulated impairments on trade receivables

(In thousands of EUR)	2015	2014
Balance at 1 January	**-77.145**	**-90.815**
Charge of impaired receivables	-5.541	-6.688
Write back of impaired receivables	6.925	20.358
Total at 31 December	**-75.761**	**-77.145**

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**. It has the possibility 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 borrows on a **long term** basis mainly to finance its ongoing investments in the distribution grid and to refinance loans and pay interest. During 2014 the collected cash of these debentures was used to also pay the exit fee to Electrabel.

During 2010, the Group issued for the first time bond loans aimed at 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 ('Moody 's').
In October 2011, Moody's granted Eandis an **'A1' credit rating** 'with a negative outlook.' This rating was confirmed by Moody's on 10 September 2015.

Eandis successfully issued bonds in the framework of its € 5 billion Euro Medium Term Note (EMTN) programme. 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 million or 53,21 % was issued at the end of 2014. During 2015 no issues have taken place.

An overview of the loans is included in the note 'Interest bearing loans and borrowings'.

The following schedule shows the maturity schedule of the different loans.
At the end of 2015

(In thousands of EUR)	2015	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	319.970	0	150.038	169.932	0
Bond issue - EMTN	2.639.987	0	0	0	2.639.987
Bond issue - private	434.803	0	0	0	434.803
Bank loans - fixed interest rate	1.761.385	667.004	215.675	197.763	680.944
Bank loans - variable interest rate	34	34	0	0	0
Bank loans - with derivative instrument	779.771	71.519	150.087	159.796	398.369
Total	**5.935.951**	**738.558**	**515.799**	**527.491**	**4.154.103**
Total bullet payment	**3.894.760**	**500.000**	**150.038**	**169.932**	**3.074.790**
Total bullet payment excluded	**2.041.191**	**238.558**	**365.762**	**357.559**	**1.079.313**

At the end of 2014

(In thousands of EUR)	2014	1 year or less	2-3 year	4-5 year	More than 5 year
Bond issue - retail	319.982	0	150.064	0	169.918
Bond issue - EMTN	2.637.816	0	0	0	2.637.816
Bond issue - private	434.565	0	0	0	434.565
Bank loans - fixed interest rate	1.806.489	445.104	738.494	186.231	436.660
Bank loans - variable interest rate	1.792	1.757	34	0	0
Bank loans - with derivative instrument	849.036	69.264	145.374	154.895	479.502
Total	**6.049.680**	**516.126**	**1.033.966**	**341.126**	**4.158.461**
Total bullet payment	4.192.363	300.000	650.064	0	3.242.299
Total excluding bullet payment	1.857.317	216.126	383.902	341.126	916.162

Interest rate risk

The Group has entered into long-term loans with a fixed and variable interest rate.
Loans with variable interest were swapped to a fixed interest rate (see note 'Derivative financial instruments'). For certain loans, forward swap contract were concluded. All other loans were initially at a fixed interest rate.

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	199.234
In 2016	192.817	186.704
In 2017	156.404	150.587
In 2018	158.865	153.299
In 2019	145.301	140.007
In 2020	138.777	133.757
In 2021 and later	763.306	724.039
Total	**1.555.471**	**1.687.626**

Other

More information about the risks of the Group and its shareholders is included in the prospectus of the Eandis group (Eandis cvba and its subsidiaries) dated 25 November 2014 concerning the guaranteed Euro Medium Term Note Programme. This document can be consulted on the 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 an arm's length transaction and not in a forced sale or liquidation sale.

(In thousands of EUR)	Level 1	Level 2
Other investments	1.134	0
Green energy and cogeneration certificates (GEC & CGC)	627.085	0
Trade and other receivables excluded GEC and CGC	1.138.875	0
Cash and cash equivalents	3.656	0
Total	**1.770.750**	**0**
Loans on short term	225.238	
Bond loans	3.741.669	0
Loans on long term (included short term part)	2.541.190	0
Derivative financial instruments	0	145.715
Total	**6.508.097**	**145.715**

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 (net of impairment), 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 certificates for green energy and cogeneration certificates are the guaranteed amount, as stipulated in the decision of the Flemish Government amending the Energy Decree. The fair value of the quoted bond loans is based on the price quotations at the reporting date.
The derivative financial instruments are interest rate swaps. The valuation techniques are swap models that use value calculations. The models include various kinds of input including forward prices, yield curves that are obtained on the basis of market interest rates and derivatives from market prices of various financial products that are requested with various market participants.
The fair value was obtained on the basis of the indicative quotations on Bloomberg (Bloomberg is a prominent provider of business and financial market news. On the reporting date it delivers world economic news, quotes for stock futures, stocks and other).

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

29. Related parties

Transactions between the DSOs and their subsidiaries (the associated parties) have been eliminated in the consolidation process and are therefore not included in this note.

The remunerations paid to the directors are attendance fees and transport fees for an amount of 635.792.42 EUR in 2015 and 747.675,69 EUR for 2014.
The remunerations paid to the management committee and the directors amounted to 3.562.056,96 EUR for 2015 and 3.270.717,61 EUR for 2014. The post-employment benefits included in the total remuneration mentioned amounted for 2015 to 786.435,55 EUR and for 2014 to 687.828,86 EUR. There are no other benefits in kind, share options, credits or advances granted to the directors.

Transactions of the Group and non-controlling interest companies (Farys/TMVW, AWW (up to 2014) and Ores Assets/Ores) were as follows:

(In thousands of EUR)	2015	2014
Amount of the transactions		
Recharge of costs to non-controlling interest companies	11.484	12.049
Recharge of costs from non-controlling interest companies	3.045	2.938
Amount of outstanding balances		
Trade receivables	1.513	2.137
Trade payables	251	711
Provide financing	0	1.020

Transactions of the Group and associated companies (Atrias and Synductis) were as follows:

(In thousands of EUR)	2015	2014
Amount of the transactions		
Recharge of costs to associates	2323	637
Recharge of costs from associates	5.823	2.796
Amount of outstanding balances		
Trade receivables	11.270	5.691
Trade payables	1251	448

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 companies DSOs paid fees of 57 k EUR to the statutory auditor and an amount of 74 k EUR for other assignments.

30. Contingencies

(In thousands of EUR)	2015	2014
Rent deposits, buildings	1.374	1.374
Other bank guarantees	11.114	13.074
Guarantees given	**12.488**	**14.448**
Guarantees obtained from contractors and suppliers	43.848	33.813
Goods held by third parties in their own name but at risk for the Group	45	99
Obligation to purchase property, plant and equipment	3.570	2.767
Obligation to sell property, plant and equipment	500	0
Obligation to rehabilitation	910	710

Outstanding orders in 2015 amounted to 20.786 k EUR (2014: 35.044 k EUR).

The Group has rented several buildings and adjoining parking lots for a total value of 6.055k EUR in 2015 and 5.710 k EUR in 2014, as well as cars for a total value of 4.883 k EUR in 2015 and 6.088 k EUR in 2014.
The future rent obligations (operational rent obligations) concern buildings, vehicles and other materials.
The contracts relating to buildings contain renewal clauses and have an average term of two years.

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

(In thousands of EUR)	2015
In 2016	9.977
In 2017 en 2018	10.120
In 2019 en 2020	2.979
Total	**23.076**

The Group's budgeted investments for 2015 were estimated at 532.096 k EUR (658.788 k EUR in 2014).

Furthermore, there is also a legal dispute ongoing between the DSOs and Essent concerning free distribution of green electricity (3.533 k EUR for 2015 and 2014), with the NMBS and the Flemish Region on grid displacements (5.594 k EUR in 2015 and 5.819 k EUR in 2014) and disputes with various parties (for a total of 11.693 k EUR in 2015 and 14.548 k EUR in 2014).

The Group is involved in legal disputes for which the risk of loss is possible but not likely and for which, as a result, no provisions have been set up. Currently, the possible timing of the settlements cannot be estimated reliably.

31. Events after the reporting date

The following statutory transactions have taken place at 1 January 2016:
Concerning the Distribution System Operators:
To meet the future challenges (such as the introduction of smart technologies, conversion of the gas network to high calorific gas) and to meet the refinancing needs, the balance sheet structure needs strengthening.
If the possibility of attracting new private capital is offered, it is preferred that the participation will take place in one entity rather than in seven separate entities.

Therefore, the decision was taken by the General Assembly 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 conditions precedent.
Eandis Assets will take as legal form a 'mission charged association with private participation' under application of the (to be amended) Decree of 6 July 2001.
As a result, starting from 2016 a legal consolidation of the Eandis Assets Group should be performed according to Belgian legislation and IFRS. The impact will further be investigated by the company.

Prior to this merger by absorption (Gaselwest takes over the six other Eandis-DSOs) the statutory aim was adapted as well as a partial split of Gaselwest was carried out, separating the municipalities served by Gaselwest in Wallonia into a newly established Flemish Mission Charged Association. This 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, The 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.

Concerning the operating company Eandis, subsidiary of the DSOs:
On 1 January 2016, 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).

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

32. List of group entities included in the consolidation

Subsidiary	Registered office	Number of shares owned (%)	Voting rights (%)
Distribution System Operators *			
Gaselwest	President Kennedypark 12, B-8500 Kortrijk		
IMEA	Merksemsesteenweg 233, B-2100 Deurne		
Imewo	Brusselsesteenweg 199, B-9090 Melle		
Intergem	Administratief Centrum (AC), Franz Courtensstraat 11, B-9200 Dendermonde		
Iveka	Koningin Elisabethlei 38, B-2300 Turnhout		
Iverlek	Aarschotsesteenweg 58, B-3012 Wilsele-Leuven		
Sibelgas	Gemeentehuis St. Joost-Ten-Node, Sterrenkundelaan 12, B-1210 Brussels		
Subsidiaries			
Eandis cvba	Brusselsesteenweg 199, B-9090 Melle	100,00	100,00
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

* Address of contact: Brusselsesteenweg 199, B-9090 Melle

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 since then reports this company as an associate.

The company Eandis cvba together with its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and SYNDUCTIS cvba form the (legal) ' Eandis group'. This group reports its IFRS results, which can be consulted on the website www.Eandis.be.

Operating in a regulated environment

Renewal of permission to call on the operating company

The Flemish energy regulator VREG has by its decision of 24 February 2015 granted the permission to the DSOs to call on the services of Eandis cvba as operating company for electricity. This authorisation applies as from 5 September 2014 and is valid for a period of twelve years.

Recognition of the distribution system operators

The Flemish energy regulator VREG reported, by letter of 6 February 2015, its decision of 3 February 2015 to renew the recognition of the 7 DSOs as electricity distribution system operators. This designation is valid for a period of 12 years starting from 5 September 2014.
On 29 September 2015 the VREG decided to renew the term for the 7 DSOs for gas distribution for a period of 12 years beginning on 14 October 2015. At the same time, the permission to operate with Eandis cvba as operating company for gas was authorized.

Regulated tariff methodology

The Group operates in a regulated environment and hence revenue is based on tariff rates that were approved by the regulator.
As a result of the Sixth State Reform the VREG – Flemish Regulator of the electricity and gas markets - has as from 1 July 2014, retrieved the competence of the federal regulator CREG to determine the tariff methodology for the Flemish region.

Consequent to the transfer of authority, it was decided to prolong the tariffs that were in effect in the year 2012 into the following years 2013 and 2014.

On 30 September 2014 the VREG determined a new tariff rate methodology for electricity and gas for the DSOs active in the Flemish region for the regulatory period 2015-2016. They considered that the hybrid model used in the past for establishing the tariff methodology no longer could be continued under the same form as there were too many limitations and drawbacks.

In building the new tariff method the following elements were taken into account: promoting efficient operations, information asymmetry, stability, transparency, administrative efficiency and avoiding rate volatility. This method should be an incentive for the DSOs to work in a cost-efficient and sustainable manner.

The costs are divided into three categories that also have another determination of its related income: The exogenous costs are the costs for which the DSO has no control because they are imposed: the cost of GEC, cogeneration certificates, premiums for RUE and social public service obligations.
The non-exogenous costs include the cost of depreciation, the operational costs and the compensation for the cost of capital. Other costs include the fines.

The allowable income will be determined as follows:
The income related to the exogenous costs is tailored to the exogenous costs.
The income for the non-exogenous costs follows a stimulating revenue regulation to support efficient operations.
The remaining costs are borne by the distribution system operator.

The capital remuneration is referred to by the VREG as the total of the average regulated assets at a stipulated cost of capital (4,8 %) and the accepted net operating capital at a determined level (4,1% and legal interest).

The recording of the exogenous costs at their actual value will give rise to differences between the rates and accounting costs. These balances should be booked on specific accounts and are named 'regulatory balance' in contrast to the differences from previous tariff methodologies that are named 'regulatory assets/liabilities'.
There are two regulatory balances allowed: a regulatory balance for exogenous costs and a regulatory balance for the volume differences regarding the revenue for non-exogenous costs.

Regulatory assets/liabilities of the past
The CREG has fixed the amounts of the regulatory assets/liabilities from the financial years 2008 and 2009. These may be recuperated in accordance with the amounts that were agreed upon by the VREG, being half of the amount in 2015 and the other half in 2016.
On 30 June 2015, the Brussels Court of Appeal ruled that the VREG is competent to determine the regulatory balances of the period 2010 to 2014 as well as their destination.
In its decision of 5 October 2015 the VREG ruled that for the time being 20% of the deficits of this period can be recharged in the tariffs of 2016.

Budget 2015-2016
The eligible income for the period 2015-2016 is made up of a portion related to the allowed income for exogenous costs and a portion for non-exogenous costs. There is a budget proposal submitted by the DSOs based on a reporting model.
The income related to the non-exogenous cost is determined on the basis of the evolution of the non-exogenous sector costs for a historical period of four years (2010-2013) which, according to a linear regression technique will determine the future income. Inflation is taken into account by discounting the costs to their current value. Also an annual adjustment for inflation is taken into account, based on the consumer price index (CPI) of August.
The data and information provided by the DSO in the reporting model regarding prior financial years, need to be controlled by the Auditor who needs to submit a report of factual findings (assurance report) to the VREG.

Changes to the 2015 tariffs
On 18 December 2014, the VREG approved the tariffs for the DSOs for 2015.
Eandis has asked for an adjustment on the proposed tariffs, because the federal contribution (decrease) and the Elia-tariff (increase) were changed after the submission. The VREG changed the tariffs accordingly as from 1 March 2015.
There was also a request for an adjustment to the tariffs following the transition from the **legal entity tax** to the corporate income tax of the DSOs. The adjustment of the rates will start from **1 August 2015** onwards. The amount not yet recovered of corporate income tax for the tax year 2015 will be settled in 2016 on top of the corporation tax for the tax year 2016.
A further change concerns the increase of the VAT rate for electricity as from 1 September 2015.

Approved tariffs for 2016
On 14 December 2015 the VREG published the distribution tariffs for electricity and gas.
The main changes concern the **provisional recharge of 20%** of the accumulated deficit (regulatory active) from the period 2010-2014, the abolishment of the **100 kWh free electricity** and the full globalization in Flanders of the cost of green energy by also removing the ceiling that was used the past for the settlement.

Accounting treatment
At the moment there are no specific IFRS guidelines as to the accounting treatment of the settlement mechanism in a regulated environment.

On 30 January 2014 the IASB published a new standard "IFRS 14 Regulatory Deferral Accounts". This new standard is applicable for "first time adopters" and allows the recording of regulated assets and liabilities as separate items of the balance sheet and profit and loss account.

Overview of the assets and liabilities of the settlement mechanism (see note 'Trade and other receivables' and 'Trade and other short-term liabilities').

(In thousands of EUR)	2015	2014
Regulatory assets - Transfers		
Recoverable in 2015-2016	53.726	0
Transfer 2008	19.770	0
Transfer 2009	33.956	0
Recoverable in later years	345.534	452.986
Transfer 2008	282	39.822
Transfer 2009	-120	67.792
Transfer 2010	-12.686	-12.686
Transfer 2011	87.347	87.347
Transfer 2012	182.702	182.702
Transfer 2013	-13.986	-13.986
Transfer 2014	101.995	101.995
Total transfers	**399.260**	**452.986**
Regulatory assets - Balances		
Total balances from 2015	**259.705**	**0**
Total net amount recoverable	**658.965**	**452.986**
of which reported as Current assets	658.965	452.986

Reconciliation of the settlement mechanism.

(In thousands of EUR)	2015	2014
Regulatory assets at 1 January	**452.986**	**350.991**
Additional transfers from 2014	0	101.995
Additional balances from 2015	259.705	0
Total additional balances and transfers	**259.705**	**101.995**
Recovered transfers from 2008	-19.770	0
Recovered transfers from 2009	-33.956	0
Total recovered transfers	**-53.726**	**0**
Total movements	**205.979**	**101.995**
of which - movement through the income statement	205.979	101.995
Regulatory assets at 31 December	**658.965**	**452.986**

Building a better
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Free translation from the Dutch original

Statutory auditor's report to the shareholders of the Flemish distribution net owners on the consolidated financial statements of the Economical Group Eandis as of and for the year ended 31 December 2015

We report to you on the performance of our mandate which was assigned to us by the Board of Directors of Eandis CVBA. This report includes our opinion on the consolidated balance sheet 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 for the year ended 31 December 2015 and the notes (all elements together" the Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. The consolidated financial statements of the Economical Group Eandis consists of seven Flemish Distribution System Operators (DSOs): Gaselwest, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas who have joint control over Eandis CVBA and its subsidiaries (De Stroomlijn CVBA, Indexis CVBA, Synductis CVBA and Atrias CVBA).

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of the Economical Group Eandis (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 € 9.723.188 thousand and of which the consolidated income statement shows a profit for the year of € 284.443 thousand.

Responsibility of the Board of Directors of Eandis CVBA for the preparation of the Consolidated Financial Statements

The Board of Directors of Eandis CVBA 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 Consolidated Financial Statements, 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 Consolidated Financial Statements 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 consolidated equity and financial position, and of its results for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter paragraph

Without qualifying our opinion, we wish to draw the attention to the information, included in the notes of the Consolidated Financial Statements related to operating in a regulated environment, which clarifies the specificities of the regulatory framework, tariffs and related accounting treatment. The information also clarifies the uncertainties related to the financial balances resulting from tariff settlement mechanisms which are still to be approved by the VREG.

Ghent, 23 March 2016

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Paul Eelen
Partner

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