FLUXYS

ANNUAL FINANCIAL REPORT 2013

FLUXYS BELGIUM

Regulated information – 11 April 2014

85th financial year

Reports to the Annual General Meeting of 13 May 2014

Contents

Foreword

Profound changes in the profile of the natural gas market

Over the past few years, demand forecasts for Europe have shown a stagnating evolution. The financial and economic crisis continues to take its toll in the industrial sector while natural gas as a fuel for electricity generation is being squeezed out of the energy mix by low coal prices, floor prices for emission rights and a market model for electricity which cannot adequately integrate the growing proportion of renewable generation. This trend is in sharp contrast with Asia and North and South America, where the natural gas market continues to expand rapidly.

In view of the turbulent geopolitical situation, Europe is currently looking at further diversifying its sources, which requires substantial investment in new supply routes.

The European natural gas market is also increasingly becoming a short-term market. Growing liquidity at gas trading places is creating stronger price indices, which are increasingly being used in long-term contracts between suppliers and producers to fully or partially replace oil product quotations as a price reference.

Moreover, the trend towards short-term activity is not confined to natural gas purchasing; in a context of stagnating demand forecasts and good market liquidity, system users are also booking more and more of their capacity on a short-term basis. Natural gas transmission system operators like Fluxys Belgium must therefore reckon with greater volatility of revenues and must invest carefully in order to minimise the risk of stranded infrastructure.

Low interest rates affect net result

The energy, professionalism and enterprise of our employees ensured that Fluxys Belgium performed well in 2013, in terms of both sales and controlling operational expenditure, against the backdrop of a changing market. However, the good sales figures are not reflected in an equivalent improvement in profit. This is because the company's net result is partly determined by the annual interest rates of 10-year linear government bonds, which have hit a succession of historic lows over the past two years. Consequently, the profit is far from an accurate reflection of the company's actual economic performance. Fluxys Belgium is therefore pressing for a change in the tariff methodology to one that offers greater stability in line with the company's performance while providing a robust framework for investment.

Transmission: full focus on Belgium's role as a natural gas crossroads

Last year, Fluxys Belgium in its transmission business was able to successfully capitalise on demand for short-term capacity during periods of peak demand in surrounding countries thanks to the proactive dedication of its teams and the flexibility of its new entry/exit system. This flexibility of approach helped to drive a substantial increase in the volumes transmitted through Belgium to other countries. Liquidity at Belgian gas trading places also developed favourably.

Since gas can be transmitted through the Belgian grid in both directions, Fluxys is well-placed to provide extremely flexible responses to changing capacity needs on the North-West European market.   With an eye to the future, we will also continue to focus fully on the Belgian grid's role as a natural gas crossroads, which we will further strengthen through our cooperation with our Italian counterpart Snam.

European natural gas production continues to decline, which means that new flows are needed and new natural gas sources must be opened up. For example, with production in the Dutch Groningen gas field set to be phased out completely between 2020 and 2035, some 40 billion cubic metres of natural gas per year will eventually need to be transported to Belgium, France and Germany from alternative sources. Thanks to the Fluxys group's international infrastructure, various additional sources will be available to the Belgian market in the near future, including additional LNG sources and natural gas flows from Russia, North Africa and Azerbaijan. And via these international arms, the Belgium grid is also ideally situated to transit natural gas from alternative sources to France and Germany.

Versatile LNG terminalling offer

In LNG terminalling too, Fluxys Belgium has responded well to the rhythm of the market. High LNG prices in Asia and a relative surplus of natural gas on the European market resulted in large quantities of LNG being shipped from Europe to Asia, and the Zeebrugge terminal was once again one of the most active players in this business. The global LNG market is expected to remain tight in 2014 as demand in Asia is rising faster than supply. In the medium term, Japan may switch back to some nuclear power generation, new LNG production capacity is coming on stream and the United States is becoming an LNG exporter, so it looks likely that more LNG will be unloaded in Europe again. But no matter how global LNG traffic evolves, the versatility of the services we offer at the Zeebrugge terminal means that we have an attractive offering for a variety of market configurations and we are ready to respond quickly to new market needs.

Meanwhile, all the evidence points to a sustained upturn in the market for small-scale LNG use as well. Thanks to a proactive approach, we have already managed to book 3,600 LNG truck loading slots in 2013 for the coming years and we are investing in order to develop this market further. This year will see the construction of a first LNG filling station for trucks and next year the second jetty at the LNG terminal will enter service, allowing bunker vessels to load LNG to supply LNG-fuelled ships. At the same time, the Fluxys group is open to making further investments with partners in LNG bunkering facilities for ports.

Challenging conditions on the storage market

Due to the stagnating demand for natural gas, there is a relative oversupply of storage capacity, which also faces stiff competition from the flexibility offering at gas trading places. Around 75% of Fluxys Belgium's storage capacity is booked in the long term, while the remaining capacity is sold on an annual basis. Thanks to an updated service offering for annual contracts, we managed to achieve a good sales figure in 2013 compared with other suppliers. This year we will once again face the challenge of responding as effectively as possible to market needs with our annual contracts.

A number of factors suggest that the value of the flexibility that storage provides may rise again in the longer term. For example, falling production at the Groningen gas field will open up new possibilities: the field has traditionally offered a large amount of flexibility and as production continues to decline this will need to be offset by other means. Natural gas-fired power stations are another potential source of new demand for flexibility: as the proportion of renewable electricity generation continues to increase and gas-fired power stations operate as a backup, larger quantities of natural gas will have to be supplied flexibly to these plants. Although gas-fired power generation is going through a difficult period at present, the current situation in which renewable generation is in effect being supplemented by electricity from coal-fired power stations is socially untenable: wind and solar combined with coal produces more CO_2 than wind and solar combined with natural gas and also produces more CO_2 than electricity generated entirely by gas-fired power stations, which are more efficient in terms of investment cost.

Moving competitively to an integrated European natural gas market

Thanks to the European crossroads function of the Fluxys grid and the key role played by Zeebrugge, Belgium has a wide range of natural gas sources at its disposal, competition between suppliers can operate fully and we are able to offer market players very competitive tariffs. Fluxys Belgium wishes to further strengthen this crossroads role but in a market context characterised by increasing competition we must ensure that our tariffs remain competitive. To continue to grow sustainably, Fluxys Belgium has to become stronger and more efficient. The company has therefore proactively launched a programme aimed at further enhancing efficiency and reducing operating costs by 10% over three years. It is an initiative in which staff throughout the company join forces to find new ways of working that continue to prioritise safety and our other company values.

At the same time, Fluxys Belgium is pulling out all the stops to move towards the European market model advocated by the Third Energy Package: a single system in which natural gas can flow unimpeded in all directions between liquid markets. To support this liquidity growth, the company is taking a variety of initiatives to improve links between markets. In 2014, for example, together with Gasunie, the connected German operators and GRTgaz, we will be systematically offering new bundled products on the PRISMA European Capacity Platform which we co-founded. We are also looking at other ways of eliminating barriers between markets. For instance, Fluxys Belgium is working with Interconnector (UK), operator of the pipeline between Zeebrugge and Bacton, to examine how to develop a market model in which the Interconnector and Zeebrugge Beach trading areas are integrated into a single zone.

Central role in the low-carbon economy of the future

We are convinced that natural gas and natural gas infrastructure will also have a central role in tomorrow's low-carbon economy. Thanks to its favourable emission profile in terms of CO_2, particulate matter and other emissions harmful to health, natural gas has major advantages as a fuel for heating, power generation and transport. Moreover, natural gas infrastructure is a highly cost-effective technology for transmitting and storing energy. Compared with high-voltage installations, for example, natural gas infrastructure is up to

15 times cheaper at transmitting energy. The same applies to storage: storing energy using natural gas is at least 40 times cheaper than using offshore hydropower.

We also believe that our strategy of building bridges between markets in partnership with our sister companies in other countries is the right one: it is the best approach for organising tomorrow's market in line with the European blueprint, for an energy which is and will remain the perfect partner for renewables.

Fluxys Belgium and the Fluxys group will therefore continue to pursue a growth strategy with confidence: our projects in this connection include infrastructure works, development of new services and initiatives for further market integration.

With this vision and strategy, we aim to continue playing a leading role in the European natural gas market. In that respect, the 'TSO of the year' award which we won at the European Gas Conference in Vienna in early 2014 is a fantastic recognition of the sterling work done by our employees day in day out and a real encouragement to build on what we have achieved and invest further in innovation, in our employees and in an attractive and competitively-priced service offering. In 2014, we will once more face substantial challenges as we strive to boost efficiency, achieve a change in tariff methodology and move towards greater market integration.

Walter Peeraer
Chairman of the Executive Board and CEO

Daniël Termont
Chairman of the Board of Directors

Shareholders' guide

Fluxys Belgium shares

Fluxys Belgium shares are listed on the regulated market of NYSE Euronext Brussels.

Shareholders' agenda

13 May 2014	Annual General Meeting
20 May 2014	Payment of dividends
27 August 2014	Press release by the Board of Directors on the half-yearly results in accordance with IFRS

Interim statements will be published in May and November 2014.

Payment of dividends

The gross dividend per share for financial year 2013 is €1.32 (€0.99 net), compared with €1.60 gross (€1.20 net) for the previous financial year. The amount of the recurring dividend is primarily determined by invested equity, financial structure and interest rates (Belgian linear bonds). Interest rates hit an all-time low in 2013, negatively impacting the dividend. The fall in dividend is also attributable to the sale of subsidiary Fluxys & Co in January 2013.

Fluxys Belgium share

		2013	2012	2011	2010	2009
Price	Maximum	37.56	33.99	2,877	2,525	2,525
	Minimum	26.50	28.15	2,301	2,150	1,950
	Closing rate at 31 December	26.98	32.60	2,830	2,330	2,280
	Average	31.41	31.18	2,658	2,302	2,240
Cash flow[1] per share		2.49	2.79	297.79	486.56	407.04
Consolidated net profit per share		0.98	1.26	173.74	352.04	146.94
Price/profit ratio at 31 December		28	26	16	7	16
Number of shares		70,263,501	70,263,501	702,636	702,636	702,636
Average daily volume traded		3,192	5,030	22	20	43

Gross/net dividend per share (€)

	2013*	2012*	2011*	2010 **	2009
Gross dividend per share	1.32	1.60	8.88	448	70.00
Net dividend per share	0.99	1.20	6.66	336	52.50

Consolidated net result, Fluxys Belgium SA share (in € million)

	2013	2012***	2011	2010	2009
Consolidated net result, Fluxys Belgium SA share	68.6	88.4	122	247	103

Consolidated equity, Fluxys Belgium SA share (in € million)

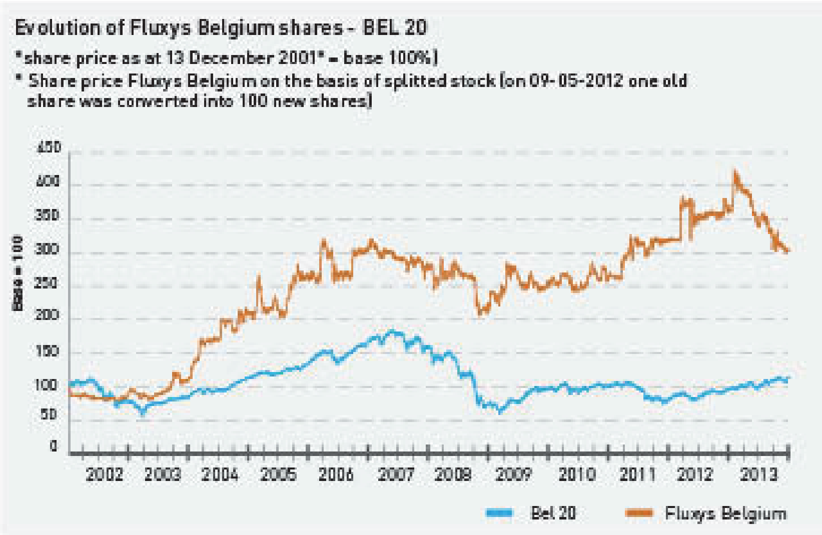
	2013	2012	2011	2010	2009
Consolidated equity, Fluxys Belgium SA share	791	828	1,363	1,401	1,369

* Expressed on the basis of 70,263,501 shares. The Fluxys Belgium share was split into 100 on 9 May 2012 with a view to boosting its accessibility and liquidity.
** In December 2010, an interim dividend of €228 was paid.
*** Accounting adjustment with retroactive effect: revision of IAS 19 on employee benefits

[1] Cash flow = net result plus depreciation and amortisation, impairment losses, provisions and deferred tax

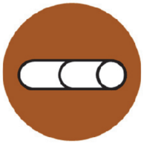
Notes on Fluxys Belgium shares

The lowest closing rate in 2013, €26.50, was reached on 17 December. The highest closing price was €37.56 on 4 February. At the end of 2013, the share price was €26.98. The average daily volume of Fluxys Belgium shares traded on the regulated market of NYSE Euronext Brussels was 3,192 in 2013, compared with 5,030 in 2012.

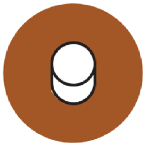


Fluxys Belgium in a nutshell

3 services



Transmission – Fluxys Belgium sells capacity to its customers to transmit natural gas to distribution system operators, power stations and major industrial end-users in Belgium or to move natural gas to a border point for transmission to other end-user markets in Europe.



Storage – Fluxys Belgium offers storage services enabling customers to flexibly use buffer capacity according to their needs to ensure the continuity of deliveries to end-users or for their activities at gas trading places.

LNG terminalling (liquefied natural gas) – At the Zeebrugge terminal, Fluxys Belgium sells capacity for loading and unloading LNG carriers, storing LNG and regasifying it for transmission in the grid. At the facility, customers can also load LNG trucks to supply industrial sites in Europe where pipeline supplies are not available, to supply filling stations for trucks that use LNG as a fuel or to refuel ships running on LNG.

Crossroads for international natural gas flows

The Belgian grid has excellent connections with all sources available to the European market and customers can move LNG they import by ship or natural gas they supply by pipeline in any direction: France, the United Kingdom, the Netherlands, Germany and Luxembourg. Thanks to Fluxys Belgium's versatile entry/exit system, they can book and use capacity with complete flexibility. LNG can also be transported from Zeebrugge to other destinations in Europe by barge or truck.

Extensive trading opportunities

The Belgian grid, with its Zeebrugge Beach and ZTP gas trading places, offers a range of trading opportunities and reflects the European Union's blueprint of an integrated European gas market: a unified system of optimally interconnected transmission grids that suppliers and producers can access through flexible entry/exit systems and with liquid gas trading places between which quantities of natural gas can easily be exchanged.

Competitive prices

An optimum investment policy, a keen eye for cost-efficiency and a finger on the pulse when it comes to the services that customers want: with this combined approach, Fluxys Belgium offers its customers a set of quality services tailored to market demand and at competitive prices.

Fluxys Belgium: part of the Fluxys group

Our vision

Europe needs natural gas and Fluxys builds bridges between markets – Natural gas will remain a core component of the energy mix in tomorrow's low-carbon economy. As a natural gas infrastructure company for Europe, Fluxys aims to build bridges between markets so that suppliers can transmit natural gas flexibly between gas trading places and from any border to their customers.

Our mission

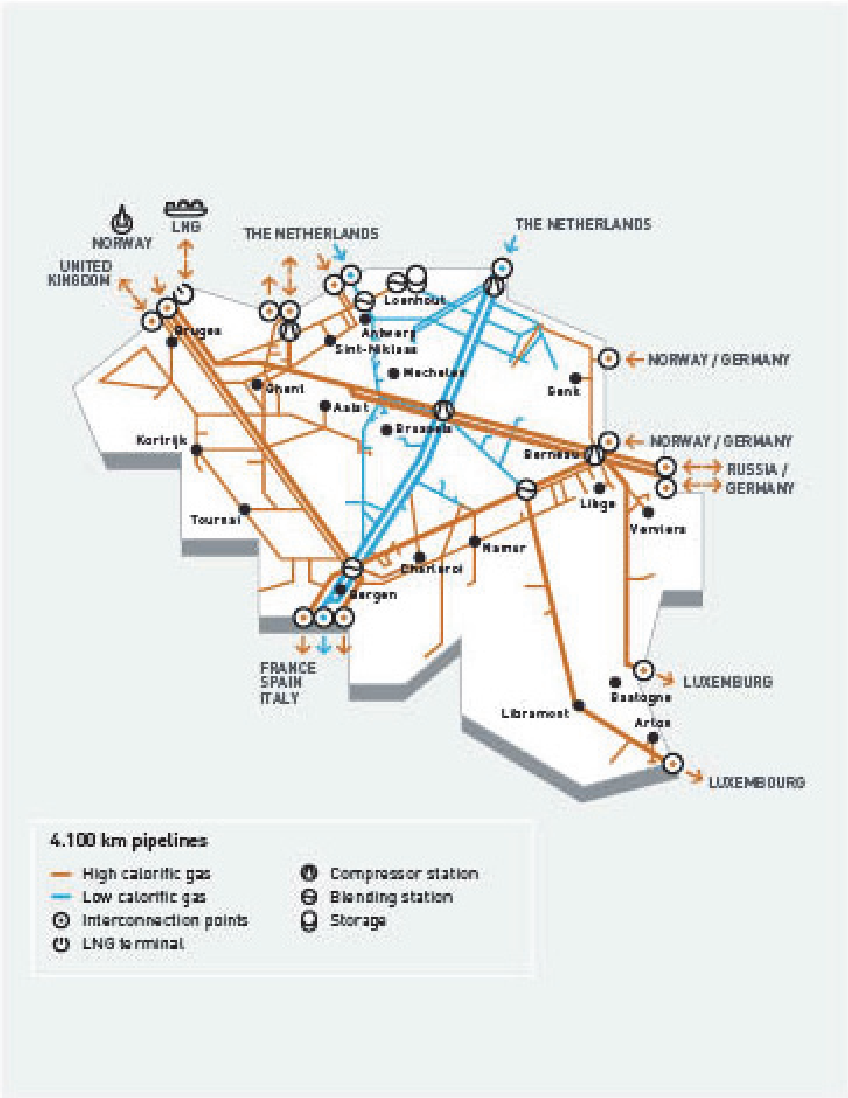
- Ensure security of supply and connect and promote liquid trading places
- Operate infrastructure safely, efficiently and sustainably
- Provide quality services tailored to market needs
- Create long-term value for shareholders

Our values

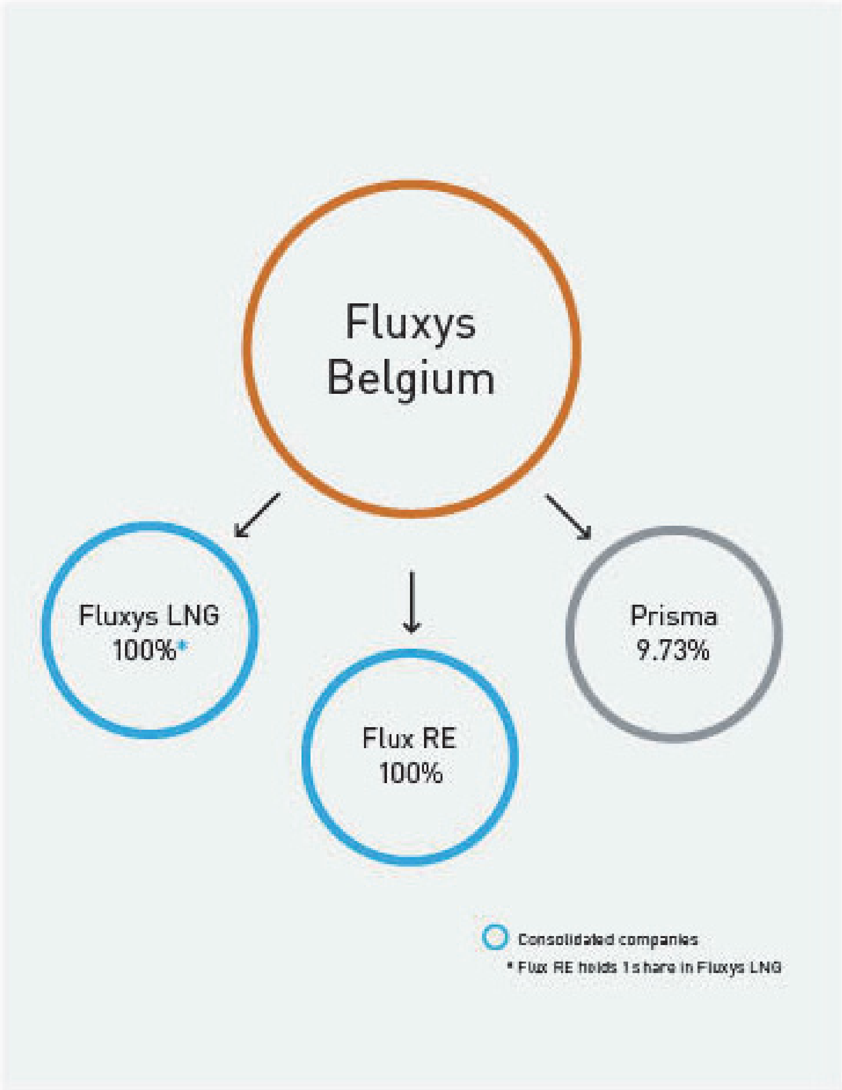
Customer focus – We listen to our external and internal customers' needs and keep to our commitments. This approach provides the driving force enabling us to achieve the results we strive for.
Cohesion – Within our own entity and beyond, we strive for cooperation and team spirit to jointly achieve our desired results.
Professionalism and commitment – We are committed to achieving our results by adopting an efficient approach and ensuring we are guided by best practices in everything we do. We systematically develop our expertise and continually seek creative solutions at a reasonable cost.
Safety and environment – We jointly give priority to the safety of our facilities because we are responsible for transmission of a type of energy that entails risks. In the same spirit of sustainability, we strive to minimise the environmental impact of our operations whilst keeping a close eye on welfare at work.
Good neighbourly relations - We provide services of general economic interest and have to ensure our activities are properly integrated in society. Through open dialogue, we want to establish good relations and cooperate with all those affected by the construction and operation of our facilities.


Gas infrastructure company for Europe
3 activities:
transmission, storage and LNG terminalling
N° 2 in transit
Present in 8 countries
BBL
GMSL
INTERCONNECTOR
NEL
LNG TERMINAL
DUNKIRK
TENP
TRANSITGAS
TAP

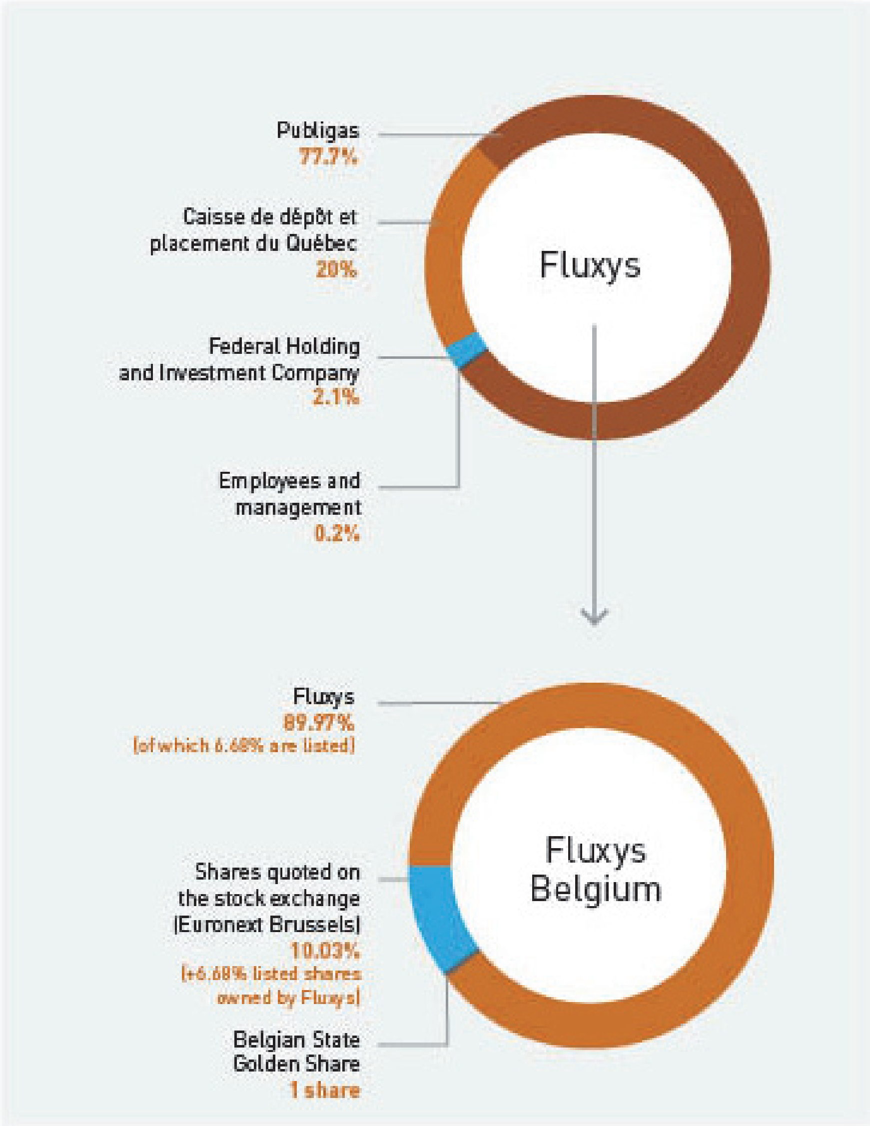
Our infrastructure



Our subsidiaries



Our shareholders



Corporate bodies as at 19 March 2014

Board of Directors

Daniël Termont, *Chairman of the Board of Directors and Vice-Chairman of the Strategy Committee*
Claude Grégoire, *Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*
Marianne Basecq *
Jean-Jacques Cayeman
Valentine Delwart *
Hélène Deslauriers *
Mireille Deziron
André Farber *, *Chairman of the Corporate Governance Committee*
Luc Hujoel
Luc Janssens
Ludo Kelchtermans, *Chairman of the Audit Committee*
Monique Lievens *
Patrick Moenaert
Walter Nonneman *
Josly Piette
Yves Rheault
Henriette Van Caenegem *
Christian Viaene, *Chairman of the Appointment and Remuneration Committee*
Sandra Wauters *
Luc Zabeau

** Independent directors under the provisions of the Gas Act.*

François Fontaine, *federal government representative acting in an advisory capacity*
Aart Geens, *federal government representative acting in an advisory capacity*

Walter Peeraer, *Chairman of the Executive Board and CEO, invited in an advisory capacity*

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Board of Directors.

Strategy Committee

Claude Grégoire, *Chairman*
Daniël Termont, *Vice-Chairman*
Valentine Delwart
Luc Hujoel
Patrick Moenaert
Walter Nonneman
Yves Rheault
Sandra Wauters

Christian Viaene, *observer acting in an advisory capacity*

François Fontaine, *federal government representative acting in an advisory capacity*
Aart Geens, *federal government representative acting in an advisory capacity*

Walter Peeraer, *Chairman of the Executive Board and CEO, invited in an advisory capacity*

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Strategy Committee.

Audit Committee

Ludo Kelchtermans, *Chairman*
Marianne Basecq
Jean-Jacques Cayeman
André Farber
Yves Rheault
Henriette Van Caenegem
Sandra Wauters

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Audit Committee.

Appointment and Remuneration Committee

Christian Viaene, *Chairman*
Marianne Basecq
Valentine Delwart
Hélène Deslauriers
Mireille Deziron
Luc Hujoel
Walter Nonneman

Anne Vander Schueren, Director Human Resources, acts as secretary to the Appointment and Remuneration Committee.

Corporate Governance Committee

André Farber, *Chairman*
Valentine Delwart
Hélène Deslauriers
Luc Janssens
Monique Lievens
Henriette Van Caenegem
Luc Zabeau

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Corporate Governance Committee.

Company management

Operational management of the company, including day-to-day operations and representation of the company vis-à-vis third parties, is the responsibility of the Executive Board, which is composed as follows:

- Walter Peeraer, Chairman of the Executive Board and Chief Executive Officer
- Pascal De Buck, member of the Executive Board and General Director Commercial
- Peter Verhaeghe, member of the Executive Board and General Director Asset Management
- Paul Tummers, member of the Executive Board and Chief Financial Officer

The Executive Board is assisted by the following members of management, with whom they form the Executive Committee:

- Huberte Bettonville, Director Commercial Regulated
- Gérard Kimus, Director Planning & ICT
- Anne Vander Schueren, Director Human Resources
- Rafael Van Elst, Director Installations & Grid
- Carlo van Eysendyck, Director Gas Flow Management

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary.

In accordance with the Belgian Company Code, the Board of Directors is pleased to be able to present the annual report for the financial year 2013 for your company and those companies included in its consolidation scope and to submit for your approval the annual accounts for the period ending 31 December 2013.

Declaration regarding the financial year closed on 31 December 2013

We hereby attest that to our knowledge:

- Fluxys Belgium's financial statements, drawn up in accordance with the applicable accounting standards, give a true and fair view of the company's assets, liabilities, financial position and profit or loss and those of the companies included in the consolidation scope;
- the annual report gives a fair review of the development and performance of the business and of the position of the company itself and of the companies included in the consolidation scope, together with a description of the principal risks and uncertainties that they face.

Brussels, 19 March 2014

Paul Tummers	Walter Peeraer
Member of the Executive Board	Chairman of the Executive Board
Chief Financial Officer	Chief Executive Officer

1.1. Key events

Customers satisfied with reliability and flexibility of entry/exit system

After one year of working with the new entry/exit system, the overall assessment is positive. Fluxys Belgium undertook a customer survey during the year and satisfaction was the recurring theme. The flexible use of capacity is a big plus for customers and the reliability of the IT system, which includes hourly updated balancing data, is particularly appreciated. Market-based grid balancing is also fully meeting expectations, and the availability and attentiveness of the sales teams were rated highly.

Peak in sale of short-term capacity

Thanks to the flexibility of the new entry/exit-system, customers can make very agile use of capacity in the Belgian grid when neighbouring countries experience unexpected peaks in demand. In March 2013, for example, Fluxys Belgium sold record quantities of short-term capacity for transporting natural gas to the United Kingdom, which was facing a shortage at that time. In late May, early June there was high demand for short-term capacity to Germany. Fluxys Belgium traded part of the short-term capacity sold in 2013 through auctions on the European capacity platform Prisma.

Further liquidity growth at ZTP and Zeebrugge Beach

Favourable liquidity growth at ZTP and Zeebrugge Beach made 2013 a record year in terms of the quantities traded at gas trading places in Belgium. Although volumes at ZTP are modest compared with neighbouring gas trading places, we are seeing a steady increase in market interest and ZTP's potential is borne out by the growing number of producers, traders and consumers active at the trading point.

Rapidly expanding market for natural gas as a transport fuel

With an emission profile that outperforms other fossil fuels in all areas, natural gas has a very promising future as a fuel for transport. Fluxys Belgium was active on various fronts in 2013 with a view to developing this market and all the evidence suggests that it is on the up. There was considerable interest in natural gas-powered cars at the Brussels Motor Show in early 2014, and a record number of trucks loaded at the Zeebrugge LNG terminal to supply, for example, filling stations for LNG-powered trucks and to supply natural gas to industrial sites as far away as Spain, Germany and Poland. A milestone was reached with the Fluxys group's decision to invest in the construction of an LNG filling station in Veurne for haulage company Eric Mattheeuws. In shipping, too, there is growing interest in LNG and the Fluxys group is working with the various port authorities to ascertain the investments needed to develop LNG as a shipping fuel in Belgian ports.

Flows from France: Dunkirk-Zeebrugge project takes shape

Fluxys Belgium and French transmission system operator GRTgaz are working on new capacity to connect the Dunkirk LNG terminal with the Zeebrugge area. This will enable natural gas to flow physically from France to Belgium for the first time. GRTgaz will lay a pipeline to the Franco-Belgian border while Fluxys Belgium will build a new interconnection point at Alveringem and lay a pipeline from there to Maldegem. The pipeline will link up with the east-west transmission axis through Belgium, enabling grid users to forward their gas to European markets.

Fluxys Belgium plans to successfully complete the permit procedures for the Alveringem-Maldegem pipeline by the end of 2014 so that construction can begin in spring 2015 and the infrastructure will be ready for commissioning at the same time as the Dunkirk LNG terminal. On 28 February 2014, the Flemish government enacted the regional land-use plan for the pipeline between Alveringem and Maldegem.

Flows from Italy: new market consultation in summer 2014

Fluxys Belgium, FluxSwiss, Fluxys TENP and Italian system operator Snam Rete Gas are joining forces on a project to offer transmission services from Italy, via Switzerland, to France, Germany and Belgium. Currently, gas can only flow from north to south on this route. Creating transmission capacity in the opposite direction will strengthen security of supply as it will create additional supply opportunities from Italy to North-West Europe. It will also boost market liquidity by completely linking up gas trading places in Italy, Germany, Belgium and the United Kingdom. Despite strong market interest during an initial consultation, the process has been put on hold due to uncertainties over the impact in Germany of odorised gas from the French grid, among other factors. The intention is to hold another market consultation in summer 2014.

Historically low interest rates affect net result

Operating profit from regulated activities (transmission, storage and LNG terminalling) is primarily determined by invested equity, the financial structure and interest rates (10-year linear bonds issued by the Belgian State, or OLOs). These interest rates have been on a downward trend for the past two years: the average interest rate in 2013 was 2.43%, lower still than in 2012 (2.98%). The fact that the OLOs were so low in 2013 had a negative impact of €8.4 million on net profit.

Regulated dossiers submitted successfully to CREG

A number of dossiers relating to our regulated activities transmission, storage and LNG terminalling were approved by CREG, in particular the new LNG truck loading services, the implementation of European rules on congestion management, adaptations to our service offer via the European capacity platform PRISMA as well as the overhaul of our conversion services. In addition, discussions began with CREG to reach a decision on the tariff methodology. Following bilateral discussions between Fluxys and CREG, the latter will draw up a new draft tariff methodology this summer for which a public consultation will be held in September. CREG will submit the draft tariff methodology and the consultation report to the Belgian parliament with a view to publishing the new tariff methodology in late 2014. Among other things, this methodology will serve as the basis for drawing up our 2016-2019 tariffs in 2015.

€101 million invested

Fluxys Belgium invested €101 million in 2013. The biggest projects were the pipeline replacement between Ben Ahin and Bras with a new pipeline of a larger diameter (with the new pipeline being commissioned in September 2013) and the construction of a second jetty at the Zeebrugge LNG terminal (which is progressing according to schedule).

Between 2009 and 2013, the company invested €1 billion in its infrastructure to further develop Belgium's role as an international crossroads, strengthen the country's security of supply and pave the way for further improvements in market liquidity. 2010 and 2011 were record years in this respect, and the company is now returning to a normal level of investment.

Good neighbours working together: successful information campaign for municipalities

Good cooperation between municipalities, police, fire brigades, contractors, local residents and Fluxys Belgium is the best way of ensuring safe operation of our infrastructure. That is why, following the 2012 municipal elections, Fluxys Belgium organised information sessions for all municipalities in which we have or are planning facilities. The sessions held in 2013 once again focused on safety and were well attended, with a turnout of around 500.

Fewer occupational accidents thanks to company-wide safety awareness project

In 2013, Fluxys Belgium and its subsidiary Fluxys LNG saw a dramatic drop in both the number of occupational accidents resulting in time off work and the number of days off work due to such accidents. This was the result of concerted efforts in the field of prevention. The SOUL project (Safety, Ownership, Human skills, Leadership) is being implemented company-wide to continuously improve safety awareness. The aim is obviously to continue the positive trend recorded in 2013.

1.2. Strong human capital

Staff trends

Fluxys Belgium's 1,026 employees contributed their expertise in various fields to the company in 2013. Fluxys Belgium and Fluxys LNG took on 21 new staff members in 2013 with a view to strengthening the organisation and replacing retiring employees.

Fluxys Belgium is keen to offer its staff dynamic career prospects and encourages job mobility. These opportunities for mobility motivate our employees.

Fluxys Belgium is investing more than ever before in its employees' knowledge. The number of hours of training rose from 39,931 in 2012 to 47,944 in 2013, with a particularly sharp increase in training hours on safety and technical subjects. A number of intensive information sessions and training courses on specific topics are offered to enhance self-knowledge and develop behavioural skills and cross-company working.

A total of 651 employees sign up for parent company shareholding plan

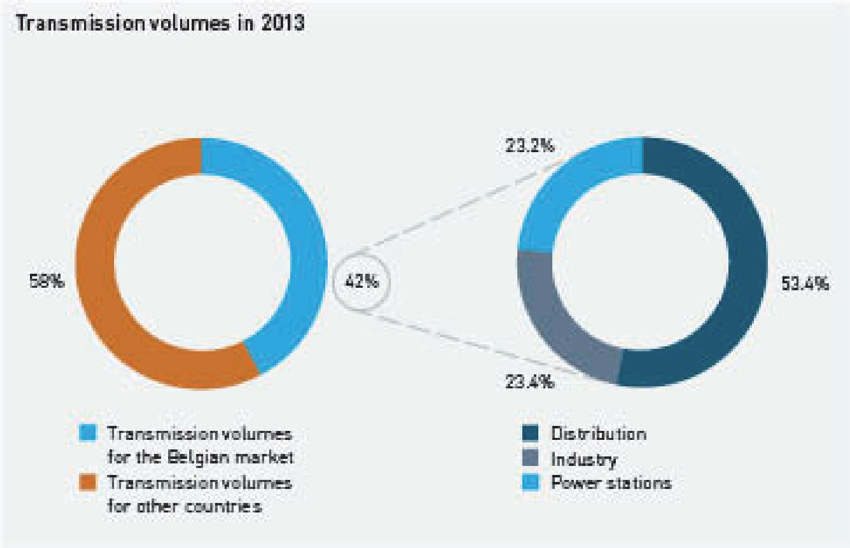
In November 2012 and again in February 2013, Fluxys group staff and management had an opportunity to become shareholders. A large proportion of employees and management in Belgium, France, the United Kingdom, Germany and Switzerland took part in the plan. The shareholding plan gives employees the opportunity to help lay the foundations for the group's growth potential and allows them to prove their commitment to and faith in Fluxys.

1.3. Activities

1.3.1. Transmission

Increase in pipeline transmission and sales of transmission capacity

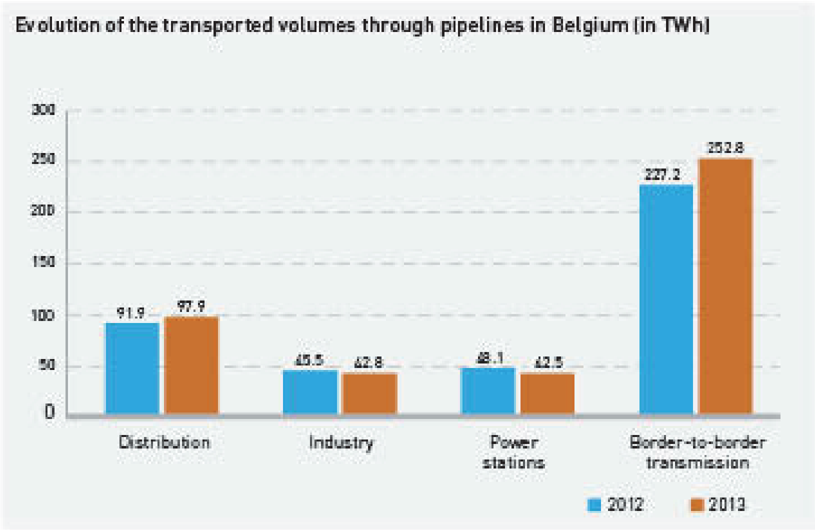
In 2013, Fluxys Belgium recorded an increase in the amount of transmission capacity sold due to active marketing of short-term products, including its offering of bundled capacity products on the Prisma platform. Transmission volumes also rose (by 6.2%).



Volumes transmitted for the Belgian market remain stable. Upon closer inspection of energy transported for consumption on the Belgian market (183.2 TWh, compared with 185.6 TWh in 2012), it is striking that offtake for distribution rose by 6.5%, while offtake by power stations fell by 11.7%.

- Distribution system operators, which supply natural gas to SMEs and households, drew 6.5% more gas from the Fluxys Belgium grid. This increase was a result of higher consumption during the prolonged period of cold weather in the first half of the year and the increase in the number of domestic and SME connections to the distribution system.

- The power stations consumed 11.7% less natural gas, primarily due to the combined effect of low coal prices, the floor price for CO_2 emission allowances and the negative spark spread (the price of natural gas in relation to the market price for electricity) for natural gas, all of which put power generation with coal at an advantage in Europe. At the same time, renewable energy's share in the energy mix grew and the nuclear facilities which had been shut down started operating again. Some power plants were decommissioned temporarily and others permanently.
- Industrial companies directly connected to the Fluxys Belgium grid consumed less natural gas in 2013 than in 2012 (down 5.8%). This fall was due to the continuing impact of the financial and economic crisis, which saw a number of industrial sites cease operating.



Volumes transmitted to other countries. At 252.8 TWh, volumes transmitted abroad rose significantly in 2013, up by 11.3% compared with 2012.

- Unlike in previous years, large volumes were transmitted to the United Kingdom in March 2013 (see below).
- In addition, demand for short-term capacity to Germany peaked in late May and early June and sales of capacity via the Prisma platform rose.
- Finally, for the period 1 October 2012 – 30 September 2013 an exceptionally large amount of short-term capacity was sold from the Zelzate entry point to the Zeebrugge exit point to players using the Belgian grid to transport natural gas from the Dutch market to the UK market.

Natural gas transmission to the UK peaks in March. Normally at the end of winter, natural gas flows from the United Kingdom to the continent. However, unlike in previous years, in March 2013 Fluxys transported peak flows of natural gas in Belgium in the other direction. This was owing to a combination of circumstances at that time:

- The UK, like surrounding countries, also experienced a long, hard winter, which led to a correspondingly high demand for natural gas.
- As a result, natural gas levels in UK storage facilities at the end of the winter were low and not enough gas was available for withdrawal.
- At the same time, little liquefied gas was being shipped to the UK. This reflects the situation across Europe, which has seen a reduction in LNG imports since 2012 due to higher LNG prices on Asian and South American markets.
- Finally, a number of natural gas sources were unavailable to the UK market due to maintenance work.

Over 2013 as a whole, Belgium also became a net exporter of natural gas to the United Kingdom: whereas in 2012 Belgium imported a net total of 35.6 TWh of natural gas from the British Isles, last year it exported a net total of 8.3 TWh to the UK.

Liquidity growth on the capacity market

Sharp increase in natural gas trading at ZTP and Zeebrugge Beach. A total volume of 771 TWh was traded at Zeebrugge Beach and ZTP in 2013, an increase of almost 3% compared with 2012 and the biggest annual volume ever traded. A total of 52 companies are active at Zeebrugge Beach, trading an average 2 TWh of natural gas daily. After a promising start in late 2012, ZTP confirmed its attractiveness as a trading point in 2013 with:

- a community of 25 actively participating companies from a variety of market segments (producers, consumers and traders);
- a gradual increase in traded volumes in 2013, with an average daily traded volume of 335 GWh at the start of 2014.

Fluxys Belgium offers capacity on the Prisma platform for the first time. Fluxys Belgium is one of the founders of the PRISMA European Capacity Platform, a major step towards an integrated European gas market. The platform brings together the gas markets of eight different countries at the heart of Europe and operates in accordance with the capacity allocation mechanisms set out in the corresponding European network code. It was on 17 April 2013 that Fluxys Belgium offered products on the Prisma platform for the first time. These were cross-border day-ahead capacity products with system operators from neighbouring countries. In 2013, Fluxys Belgium sold a total of almost 28 GWh of bundled day-ahead capacity at 61 auctions.

Since February 2014, Fluxys Belgium and Dutch transmission system operator Gasunie Transport Services have been auctioning additional bundled day-ahead capacity as well as bundled monthly capacity at their interconnection points. Bundled quarterly capacity will follow in June 2014.

New initiatives to boost liquidity further. Fluxys Belgium is working on a number of initiatives to further increase liquidity on the markets. For example, from mid-2014 traders at the Belgian gas trading places ZTP and Zeebrugge Beach will be able to carry out their transactions via the PEGAS (Pan-European Gas Cooperation) gas platform. With a current membership of 140, PEGAS will significantly boost transactions at the Belgian gas trading places.

Fluxys Belgium is also working with Interconnector (UK) Ltd to examine how to merge the Interconnector and Zeebrugge Beach trading areas by the end of 2015. The new concept would see Zeebrugge Beach become a virtual trading place. It would also create a strong link between the UK, Belgian and Dutch trading areas and enable the European network codes to be implemented at Interconnector.

New European network codes

As the Belgian transmission system operator, Fluxys Belgium is committed to achieving an integrated European natural gas market. To this end, the company works closely with other transmission system operators on specific projects. At the same time, Fluxys Belgium is active at an overarching level with a view to achieving maximum harmonisation of approach within Europe, for example within the European Network of Transmission System Operators for Gas (ENTSOG). Fluxys is a founding member of ENTSOG and Walter Peeraer, CEO and Chairman of the Executive Board of Fluxys Belgium, is a member of the ENTSOG Board.

Within ENTSOG, Europe's transmission system operators are working on harmonised rules – known as the network codes – in 12 different areas, with an eye to the third package of European legislative measures on energy. Each of the network codes is based on framework guidelines compiled by the Agency for the Cooperation of Energy Regulators (ACER). A network code gains force of law as soon as it is approved by the relevant European bodies.

Following the approval of the first Network Code on Capacity Allocation Mechanisms for existing capacity in 2012, ENTSOG published the final version of the Balancing Network Code in November 2013. Fluxys Belgium had already anticipated the balancing rules with the introduction of its full entry/exit system in late 2012. In December 2013, ENTSOG submitted a new version of the Network Code on Interoperability and Data Exchange Rules to ACER. In addition, in late 2013 the European Commission invited ENTSOG to draft a network code on rules regarding harmonised transmission tariff structures for gas. ENTSOG has been given until the end of 2014 to submit a proposal to ACER. Alongside this, ENTSOG has also been tasked with devising a network code on capacity allocation mechanisms for new capacity in 2014.

1.3.2. Storage

Market demand for storage under heavy pressure

There is currently a relative oversupply of storage possibilities in Europe. In addition to this, stagnating demand for natural gas is creating an oversupply of natural gas at gas trading places, which in turn means that price differences between summer and winter are very small. Fluxys Belgium's storage activity in Belgium is also in competition with non-regulated storage services elsewhere in Europe.

Part of the storage services at Loenhout have been sold on a long-term basis: over 70% of storage capacity has been sold on a long-term basis up to 2016, and almost 60% after 2016. Yearly storage services are facing particularly stiff competition. Nevertheless, Fluxys Belgium managed to achieve a very good sales figure for storage year 2013-2014 compared with other storage sites, with virtually all yearly capacity having been sold, partly thanks to an updated service offering. For storage year 2014-2015, storage services are in a particularly difficult competitive situation. Fluxys Belgium is therefore working hard to tailor its products to market demand as much as possible:

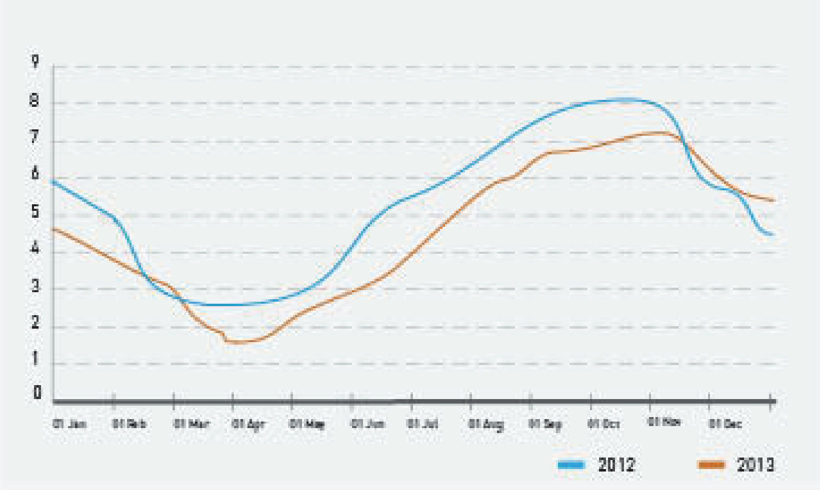
- It has submitted a proposal to CREG to reduce the transmission costs associated with reserving storage capacity by almost 28%.

- For the remaining capacity, storage users can contact Fluxys for customised storage services. Fluxys Belgium will then examine in consultation with the regulator how storage services can meet their needs.
- Finally, Fluxys Belgium is working to further optimise the costs of its storage facility, to ensure that storage tariffs remain competitive.

Shifts in the utilisation curve

The Loenhout storage facility was less full at the start of 2013 than the year before. This was owing to the cold weather at the end of 2012, which resulted in more natural gas being withdrawn from the facility. The cold temperatures persisted long into 2013, resulting in a faster withdrawal of gas from the Loenhout facility in March and April 2013 compared with the same period the previous year. However, the rate of withdrawal at the end of the year was slower due to the mild weather.

Volumes of natural gas held in the underground storage facility in Loenhout (in TWh)

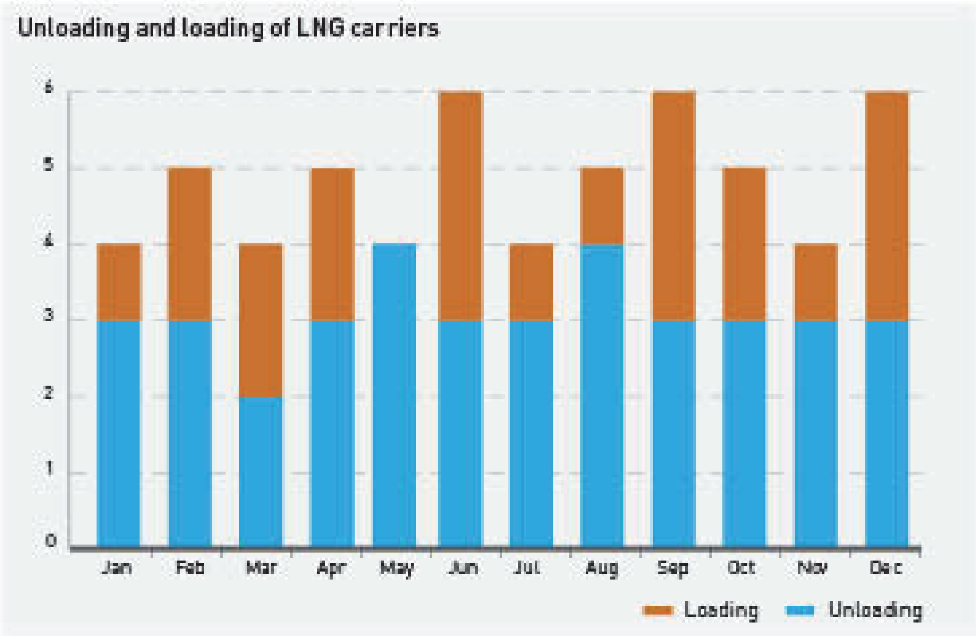


1.3.3. LNG terminalling

High utilisation rate

37 LNG carriers unloaded. 37 LNG carriers unloaded at Zeebrugge in 2013, compared with 46 in 2012. The 37 carriers unloaded a total of 2.2 million tonnes of LNG, mainly from Ras Laffan, Qatar. Seven of the 37 ships were Q-Flex carriers, which are among the largest LNG vessels in the world. A total of 1,351 ships unloaded at the LNG terminal between the start of commercial activities in 1987 and the end of 2013.

21 LNG carriers loaded. The high level of natural gas supply in Europe combined with high demand for natural gas in South America and Asia have resulted in heavy demand for loading services at the terminal over the past two years, with 21 carriers loading in 2013 and 25 in 2012. The 21 vessels that berthed for loading in 2013 took on board a total of 1.1 million tonnes of LNG.



Additional slots sold. The entire capacity of the LNG terminal is subscribed through long-term contracts on the primary market. If the berthing schedules of ships under these contracts leave sufficient time between two unloadings, Fluxys Belgium may offer an additional slot on the primary market during that available period. In 2013, 19 additional slots were created and offered in this way. Of these, one complete slot and five slot components were sold.

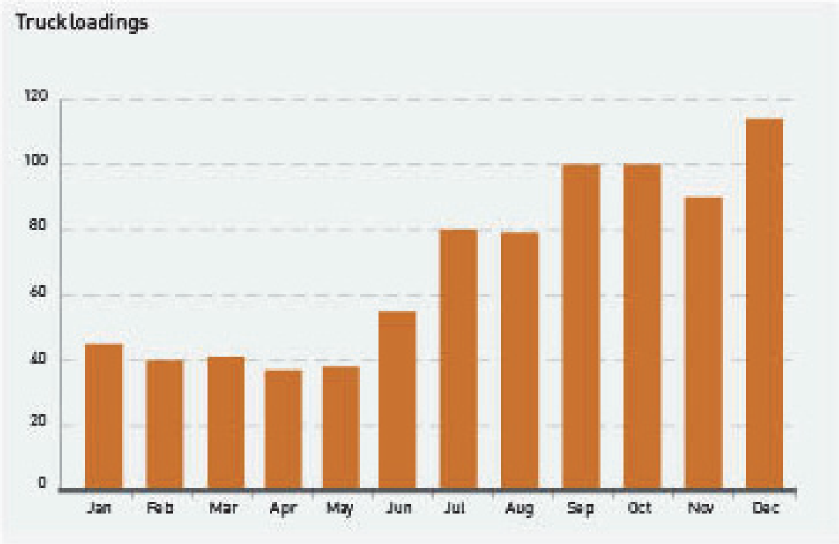
Slots on the secondary market. If LNG terminal users do not use slots on the primary market reserved for them under their respective contracts, those slots are made available on the secondary market. In 2013, 64 slots were offered for sale on the secondary market. Of these, 15 slot components were sold.

Developing the terminal as a hub for small-scale LNG use

819 truck loadings: a big success. Since June 2010, trucks as well as ships have been able to load at the Zeebrugge LNG terminal. LNG transport by road is a new and highly promising activity which supports the use of natural gas in a broad range of applications:

- supplying industrial sites in Europe where pipeline supplies are not available;
- supplying LNG-fuelled ships;
- supplying filling stations for trucks that run on LNG.

The market for small-scale LNG use is clearly gaining momentum: a total of 819 trucks were loaded with LNG in 2013, compared with just 316 in 2012. December 2013 was an all-time record month, with no fewer than 114 LNG trucks loaded. Most of the LNG was bound for the Netherlands, France, the UK, Germany, Scandinavia, Switzerland and Poland, where the market for LNG as a fuel in transport is strongly developing.



2014 also promises to be a strong year. A total of 3,600 slots were booked by haulage companies during the October-November subscription window, with 1,847 loadings scheduled for 2014.

Ship bunkering possible at second jetty. A second jetty is being built at the LNG terminal. It will be commissioned in 2015 and small LNG bunker ships will also be able to berth there to load LNG (from 2,000 cubic metres). Bunker ships supply other vessels running on LNG or LNG bunker terminals at other ports.

LNG from Zeebrugge terminal for ship in Antwerp. In December 2012 and January 2013, the *Argonon* refuelled with LNG at the Port of Antwerp, becoming the first ship to be supplied with LNG by truck at a Belgian port. The LNG was supplied from the Fluxys terminal in Zeebrugge. The *Argonon* is a bunker ship that supplies other vessels with fuel (fuel oil or diesel) in both Rotterdam and Antwerp.

Supplying ships with LNG fits with Fluxys' vision to prioritise the use of natural gas as an environmentally friendly fuel for ships, trucks and cars.

1.3.4. Natural gas as a fuel for transport: market expanding rapidly

Natural gas: cutting emissions immediately. Fluxys Belgium was active on various fronts in 2013 to promote natural gas as a fuel for transport and to boost this highly promising but still emerging market. The advantages of natural gas are beyond dispute. After all, switching from petrol, diesel or heavy fuel oil to natural gas directly reduces CO_2 emissions and also has an immediate impact on air quality and the health effects linked to it: combustion of natural gas emits significantly lower quantities of nitrogen oxides, and the amounts of sulphur and fine particles released are negligible. An additional advantage of natural gas combustion is that it uses tried-and-tested technology that has already demonstrated its suitability.

The challenge is to develop the necessary infrastructure so that cars, trucks and ships can fill up with natural gas easily. At the moment the market faces a chicken-or-egg situation: investments are not forthcoming because there are not yet enough ships or vehicles, and potential users are putting off switching to natural gas due to the lack of refuelling infrastructure. The Fluxys group wishes to help break this market stalemate by investing in refuelling infrastructure based on a sound business case. The company seeks partners for this where appropriate.

Ships: developing an LNG bunker chain. Thanks to its low emission values, liquefied natural gas (LNG) is a particularly good alternative fuel for ships, especially when stricter sulphur emission standards come into force for the English Channel, the North Sea and the Baltic Sea (SECA) in 2015. If shipping companies use 7 million tonnes of LNG as a fuel by 2030 instead of an equivalent amount of heavy fuel oil, they can make a major contribution to European climate and air-quality targets.

With an eye to LNG's potential as a fuel for transport, Fluxys LNG is pulling out all the stops to develop the Zeebrugge LNG terminal into a hub for small-scale LNG use: all the ports in Belgium and North-West Europe could be supplied with LNG from Zeebrugge.

- LNG bunker ships will be able to berth at the second jetty being built in Zeebrugge, in order to load LNG.

- The Fluxys group is investigating the investments needed in Belgian ports to further develop LNG as a shipping fuel and is working closely with various port authorities to this end. The company is also actively prospecting for investment partners.

First LNG refuelling station for trucks in 2014. In 2013, the Fluxys group reached an agreement with haulage company Mattheeuws to build a first LNG filling station in Veurne. The station is due to enter service in summer 2014 and will be supplied by LNG trailers loaded at the Zeebrugge LNG terminal.

Cars, vans and buses: CNG. CNG (Compressed Natural Gas) technology offers an alternative for cars, vans and buses. In Europe, over 1 million vehicles are already running on CNG, and Belgium still has a long way to go compared with countries like Germany and Italy. Car and truck manufacturers are now marketing a wide and growing range of models and the number of filling stations is also increasing steadily.

Fluxys promotes CNG to companies and other organisations with a vehicle fleet. For example, in September the Walloon public broadcaster RTBF launched the second edition of its Mobilitissimo scheme to promote greener mobility. Having tested electric vehicles in 2012, it turned its attentions to CNG-powered cars in 2013. Fluxys Belgium was involved in the project via the Royal Association of Belgian Gas Companies (KVBG/ARGB). The KVBG/ARGB plans to develop a similar scheme with the Flemish public broadcaster VRT.

In early 2014, the KVBG/ARGB paid a €2,000 premium to anyone purchasing a CNG car as part of efforts to promote natural gas-powered vehicles at the Brussels Motor Show. This initiative was hugely successful, and will boost the number of CNG-powered cars in Belgium by as much as 60%. The KVBG/ARGB also continues to invest in the installation of CNG pumps.

1.3.5. Working with the government to boost security of supply in Belgium

Fluxys Belgium is working with the Federal Public Service Economy to reinforce security of supply in Belgium. The 2010 European Regulation on security of supply requires that the competent authorities in the Member States perform a risk assessment on the supply situation, draw up a preventive action plan and develop an emergency plan, in cooperation with neighbouring countries.

Following an initial risk analysis in 2011 and an initial preventive action plan and national emergency plan for natural gas supply in 2012, the FPS Economy took steps in 2013 to lay the foundations for a legal framework for the coordinated approach between the government and Fluxys Belgium in the event of emergency situations jeopardising security of natural gas supply. Communication between the FPS Economy and Fluxys Belgium in case of gas supply emergencies was also addressed. In addition, in collaboration with various stakeholders, attention was focused on temporary demand-reducing measures that can be implemented in the event of an imminent temporary shortage of natural gas.

In 2014, the parties will work together in the same constructive way to update the initial supply situation risk analysis, the preventive action plan and the emergency plan.

1.3.6. Investments

ENTSOG: biennial 10-year investment plan

The European Network of Transmission System Operators for Gas (ENTSOG) is responsible for publishing a coordinated 10-year investment plan and has been tasked with developing network codes in 12 different areas (see p. 39).

In early 2013, ENTSOG published its biennial coordinated Ten-Year Network Development Plan for 2013-2022. Its most significant conclusion was that the countries in Eastern Europe are too dependent on supply from Russian sources. ENTSOG's investment plan was submitted to market players for consultation and then submitted to the Agency for the Cooperation of Energy Regulators (ACER) in July 2013.

Fluxys Belgium indicative investment programme 2014-2023: €870 million

During the period 2009-2013, Fluxys Belgium invested around €1 billion in its transmission, storage and LNG terminalling infrastructure to consolidate Belgium's role as a crossroads of international gas flows, strengthen the country's security of supply and pave the way for further improvement of market liquidity.

Taking into account the current economic climate and future import flows, the company has optimised its indicative investment programme with a view to investing as efficiently as possible. Following a period of record investments, spending levels are returning to normal: the indicative investment programme for 2014-2023 represents €870 million and has served as input for the Ten-Year Network Development Plan drawn up at European level by the system operators within ENTSOG.

In view of the difficult investment climate for new gas-fired power stations, the indicative investment programme 2014-2023 does not include any projects to connect power stations to the network. However, the plan approved by the government on the proposal of Secretary of State for Energy Melchior Wathelet does include measures aimed at stimulating investment in new gas-fired power stations. It goes without saying that Fluxys Belgium will adjust its investment programme as and when concrete projects surface.

The main pillars of the indicative investment programme are:
- investments triggered by commercial initiatives and external cooperation;
- investments required to cover anticipated trends in peak demand in Belgium;
- investments to keep the natural gas transmission infrastructure in good condition and safeguard its integrity;
- investments in equipment, ICT applications and buildings.

Transition from L-gas to H-gas: a gradual approach

Belgium does not have any gas sources of its own and must therefore import all of its natural gas. The first natural gas to enter Belgium in 1965 came from the north of the Netherlands. However, not all natural gas fields have the same gas composition. Dutch natural gas, for example, has a lower calorific value and is known as L-gas. Sources in the North Sea, Norway, Russia, Algeria and Qatar produce natural gas with a higher calorific value, called H-gas. H-gas and L-gas cannot simply be mixed together, which is why Belgium has two separate transmission systems: one for L-gas and one for H-gas.

Transition: not an easy process. It has been known for some time that Dutch gas supplies are set to dwindle. Consultation is therefore taking place between all stakeholders with a view to ensuring that Belgium is prepared for the transition from Dutch natural gas to natural gas from other sources. However, the gradual depletion of the Groningen gas field is causing earthquakes in the region, prompting the Dutch government to monitor the situation closely and cut L-gas output in the years ahead. A coherent approach is required to gradually convert all pipelines carrying Dutch gas, which currently have around 1.5 million connections. This approach is being discussed with distribution system operators and the authorities.

Profound review of projects in the Campines region. A combination of the timetable for the transition from L-gas to H-gas and the discontinuation of a number of industrial projects has forced Fluxys Belgium to radically review a number of pipeline projects in the Campines region. Consequently, it has decided not to go ahead with the planned pipeline between Herentals and Ham, to put the Wilsele-Loenhout project on hold and to build the Tessenderlo-Diest pipeline with a larger diameter. Accordingly, revised permit applications for the Tessenderlo-Diest pipeline have been launched, taking account of the new diameter.

€101 million invested in infrastructure in Belgium in 2013

In 2013, Fluxys Belgium invested €101 million in infrastructure projects in Belgium. 57% of the total amount invested was allocated to transmission projects, 3.9% to storage projects and 39.1% to LNG terminalling projects.

Laying of new pipelines

Increased transmission capacity between Ben-Ahin and Bras (51.5 km). To meet rising demand for natural gas among households and SMEs in the Belgian province of Luxembourg, Fluxys Belgium began work in 2012 to upgrade the infrastructure for transmitting gas towards the neighbouring country of Luxembourg by replacing the current pipeline between Ben-Ahin and Bras with a new and wider one. The new pipeline was commissioned in autumn 2013.

Kruibeke (4 km). The Flemish government is creating a controlled flooding area alongside the River Scheldt in Kruibeke. As this area will be subject to regular flooding, the Fluxys pipelines located nearby needed to be re-routed, in the interests of both safety and practicality (accessibility of the pipeline). This provided an opportunity to replace the old pipelines with wider pipeline sections to help accommodate future growth in demand for natural gas in the residential market.

Ghent restructuring (15 km). Fluxys Belgium kicked off its project to restructure the grid in and around Ghent in 2013: work there will involve upgrading existing pipeline sections with new, wider pipes, decommissioning some pipeline sections and re-routing others. The aim of the project is to ensure continued security of supply for the Ghent region in an efficient way. Work began in the north of Ghent in November 2013.

The project is part of a programme to ensure that all Fluxys infrastructure will continue to meet exacting safety and quality standards in the long term. One of the company's findings was that pipes in some locations will need to be replaced in the long run, the grid will need to be restructured in some locations and some pipeline sections may be decommissioned. With that in mind, Fluxys Belgium permanently decommissioned 89 kilometres of unused pipeline in 2013.

Works at the Zeebrugge LNG terminal

Open rack vaporiser commissioned. The regasification facilities at the LNG terminal have been supplemented with an open rack vaporiser (ORV), which uses the heat of the seawater to regasify LNG into natural gas. This will considerably reduce energy consumption as well as substantially lowering carbon and nitrogen oxide emissions. Fluxys LNG began work late in 2010 and finished in spring 2013. The facility has been in use since summer 2013, with very positive results in terms of usability and convenience and with the expected reduction in air emissions.

Second jetty at Zeebrugge LNG terminal. A second jetty for loading and unloading LNG carriers is currently under construction at the LNG terminal, meaning it will be possible to receive both the smallest and the biggest LNG carriers at Zeebrugge. MBZ, the Zeebrugge Port Authority, completed work on the underwater structure in 2013. Fluxys LNG then began building the superstructure and the process facilities. The jetty will enter into service in 2015. The preparatory studies for the project have been co-financed by the European Union (Trans-European Energy Networks – TEN-E).

Works at the Zeebrugge inner port

LIN plant commissioned. The growing diversity of natural gas sources and routes between source and end consumer on the North-West European market entails a wide variation in natural gas composition. To ensure compliance with the criteria agreed with grid users and neighbouring system operators, the gas quality can be adjusted by adding nitrogen. Fluxys LNG already offers this service at the LNG terminal, but Fluxys Belgium plans to provide a nitrogen injection point in the Zeebrugge region as well. To this end, the liquid nitrogen (LIN) storage tank at the former peak-shaving plant was brought back into service in autumn 2013.

Developments in the industrial segment

At the end of 2013, the Fluxys grid comprised 234 direct connections with industrial end users, power stations and cogeneration facilities. During the course of the year, two new connections were added:

- a connection in Kallo, in the Port of Antwerp, for ADPO, a company specialising in the storage and distribution of high-quality chemicals;
- a high-pressure connection on the premises of AGC Flat Glass in Moustier-sur-Sambre.

Pressure-reducing station for distribution system operators

Opwijk junction becomes a pressure-reducing station. In Opwijk, the double valve junction enabling gas to be exchanged between VTN1 (pipeline between Eynatten and Zeebrugge) and VTN2 (pipeline between Eynatten and Opwijk) was converted into a pressure-reducing station. Two pressure-reducing lines have been available since the winter of 2013 to supply the distribution system operators Iverlek and Intergem. The expansion was needed to cope with rising gas use in the regions of Londerzeel, Opwijk, Merchtem and Dendermonde.

1.3.7. Research and development

Aims

Fluxys Belgium's research and development policy aims to obtain instruments to help the company consolidate and enhance its activities. It focuses on the following areas:

- acquiring and improving expertise in a number of technical fields;
- building and maintaining a network of academic contacts, among others;
- supporting the development of our activities through applied studies;
- maintaining and further developing our company as a green company.

Our approach

Fluxys Belgium runs various applied-research projects and works closely with the *Association Royale des Gaziers Belges* (ARGB/KVBG, the technical association of the Belgian gas industry) and other European gas companies under the umbrella of various national and international organisations such as the European Gas Research Group (GERG), the European Committee for Standardisation (CEN), European Pipeline Research Group (EPRG), International Organization for Standardization (ISO), EASEE-GAS (European Association for the Streamlining of Energy Exchange – Gas) and Marcogaz, the Technical Association of the European Natural Gas Industry.

In the field of experimental development, Fluxys Belgium is involved in a range of projects and programmes to optimise service provision by improving or producing new materials, equipment, products and processes. The company is also undertaking experimental development work in stock and demand management and metering procedures. In addition to the partners listed above, Fluxys Belgium also collaborates with Belgian and European universities in some project stages.

Metrology

Ultrasonic metering instruments. Fluxys Belgium has been carrying out tests with ultrasonic meters since 2009 to determine whether they could be an alternative to conventional turbine meters. Ultrasonic meters require almost no maintenance and cause less pressure loss. In early 2013, Fluxys Belgium equipped the Blaregnies border station with the new meters placed in series with turbine meters. Following good test results, the FPS Economy and the neighbouring operator agreed that the ultrasonic meters could also be used as a basis for invoicing.

Laser detection of natural gas. In 2011, Fluxys carried out tests using a laser molecular assessment system to detect and measure natural gas released into the air. The detection equipment is fitted to a helicopter which flies over the pipeline route. The tests having proved the technology to be extremely accurate, the system was added to the range of gas detection measures and entered operational use in 2012, which yielded good results. In 2013, the entire network was screened using this technology.

Safe operation of pipelines and facilities

Pipeline integrity. Fluxys Belgium is currently working on a method for determining the theoretical risk of a deterioration in the integrity of a pipeline segment based on various quantitative parameters. Among the parameters considered are environmental factors and the age, location and thickness of the pipeline.

Inspection technology for cathodic protection. Together with the other members of the European Gas Research Group, Fluxys Belgium plans to evaluate a new technology in 2014 which inspects the performance of cathodic protection of pipelines by performing internal checks on the pipelines using instrumented pigs.

Fluxys Belgium also embarked on a multi-year research programme to check the state of pipelines that cannot be inspected using an instrumented pig.

Corrosion evaluation methodology. In 2013, Fluxys Belgium carried out around 30 large instrumented tensile tests in partnership with Ghent University. The aim is to develop a methodology for evaluating corrosion in combination with welded joints.

Surveillance using glass fibre cables. Fluxys Belgium's Pit-Stop programme (Early Detection of Pipeline Integrity Threats using a Smart Fibre-Optic Surveillance System) aims to develop a system for detecting third-party works near pipelines. The system uses glass fibre cables to record vibrations, with the measurements then being checked in a database to determine whether excavation work is the source of the vibration. The same technology can also be used to tell whether a pipeline has been hit.

ThreatScan. ThreatScan is a system that can record shocks on pipelines using acoustic detection. The system is mainly suitable for detecting unreported damage to large pipelines. It was installed on two pipelines in late 2012 and has been operational since 2013.

Facility design

Improving the design of pressure-reducing stations. Fluxys Belgium has come up with a completely new concept for the design and technology of these stations with a view to reducing CH_4 (methane) emissions, cutting down noise and improving safety. Following the 2012 study into improving control cabinets and reducing noise levels, a number of pilot projects got under way in 2013, in Herne and Jezus-Eik among other places.

Cutting noise levels. In 2012, Fluxys Belgium began analysing the noise sources and vibration characteristics of turbines and pipelines. In 2013, it looked for ways to make tangible improvements based on the measurements of vibration characteristics. A number of projects were also implemented, such as replacing the flues and oil coolers of compressors in Winksele and replacing the oil coolers and flues on a number of compressors in Weelde.

New natural gas applications

Study into LNG bunker terminals at Port of Antwerp. Fluxys Belgium wishes to further develop the Zeebrugge LNG terminal into a hub for small-scale LNG use, namely as a fuel for ships and trucks. As regards shipping in particular, thanks to its low emission values LNG will be a particularly good alternative fuel for ships when stricter sulphur emission standards come into force for the English Channel, the North Sea and the Baltic Sea in 2015.

All ports in Belgium and North-West Europe could be supplied with LNG from Zeebrugge. In this connection, the Port of Antwerp in 2013 commissioned Fluxys Belgium to carry out a study into the safety aspects of small-scale LNG facilities at different locations used by SEVESO companies in the port. It relates to bunker terminals for supplying ships or barges.

Biogas injection. Biogas is gas produced from waste and, like natural gas, its main component is methane. Fluxys Belgium is taking part in a study to determine what composition biogas must have in order to be able to be injected into a natural gas network and what the impact will be of blending biogas with natural gas.

Power-to-gas. Power-to-gas is a technology for converting electricity into hydrogen or synthetic natural gas and is particularly valuable as an application for generation from renewable energy sources such as wind and solar. Hydrogen and synthetic natural gas can be mixed with natural gas to a limited degree. This means that gas infrastructure can be used to store them temporarily, which is not possible with electricity. In 2014, Fluxys Belgium will actively seek partners to launch a power-to-gas project in Belgium.

In 2013, Fluxys Belgium joined forces with 10 other European companies in the North Sea Power to Gas Platform. The platform aims to bring together all players in the North Sea countries to monitor the technology and exchange best practices. As part of the platform, Fluxys Belgium is contributing to a study to determine the allowable hydrogen concentration in different natural gas systems. At present, EU Member States apply different limits. The results of the study will enable these to be harmonised. The study will also identify which applications require further research before hydrogen injection can go ahead.

Micro-cogeneration and natural gas-powered heat pumps. Within the framework of the Royal Association of Belgian Gas Companies (KVBG/ARGB), Fluxys Belgium has also continued research into new gas applications for use by households and SMEs, more specifically micro-cogeneration facilities and natural gas-powered heat pumps as an alternative to electric heat pumps.

Exchange of operational data

With a view to optimising the exchange of operational data between natural gas companies, cooperation at European level aims to standardise data exchange within the gas sector.

- Fluxys Belgium is helping via EASEE-gas to compile international protocols and standards regarding electronic data exchange between natural gas companies.
- As a member of ENTSOG, Fluxys Belgium is helping to support and further expand a joint transparency platform for exchanging system operation data and coordinating grid access information.

ICT applications for customers

In 2013, Fluxys Belgium continued to develop and refine ICT operations for its customers. Early 2013 saw the completion of the project to connect Fluxys Belgium's ICT systems to the Prisma European Capacity Platform, a shared capacity platform by 22 European transmission system operators to book capacity. Prisma entered service in mid-2013. An ICT application was developed to further improve capacity and grid simulation. The application enables simulation scenarios to be prepared and implemented.

1.4. Financial situation

1.4.1. Introduction

General development of the results

The majority of the Fluxys Belgium group's business activities are regulated. The profits of these business activities are primarily determined on the basis of equity invested, the financial structure and interest rates.

Historically low rates of interest affect authorised return and result

The interest rates used as a reference for calculating the authorised return on the regulated assets are the 10-year linear bonds issued by the Belgian state. The average interest rate in 2013 (2.43%) was lower than in 2012 (2.98%). This resulted in a drop of €8.4 million in the regulated net profit, with all other aspects remaining unchanged.

Decrease in equity invested and adjustment of the financial structure

The €421.6 million pay-out of available reserves carried out by Fluxys Belgium on 15 May 2012 enabled the Group to shift towards a financial structure that is more in line with the Belgian regulatory framework (1/3 in equity and 2/3 in liabilities).

The decrease in equity caused by this pay-out automatically reduced the level of authorised net profit by €6.3 million in comparison with 2012. Had this pay-out of available reserves not taken place, net profit for 2013 would have been higher, but the average return on the equity invested would have been lower.

Sale of the company Fluxys & Co

Fluxys Belgium chose to exercise the sales option that it held vis-à-vis GDF SUEZ. Thus, the company Fluxys & Co was sold on 18 January 2013 for a sum of €70 million. Its contribution to 2012 net profit was €3.6 million.

Retroactive accounting alteration: revision of IAS 19 Employee Benefits

The entry into force of the amendments to standards IAS 19 (IAS 19 R), on 1 January 2013, required a retroactive correction of the Group's financial statements. The impact of these amendments is essentially limited to aligning the expected rate of return from hedging instruments with the discount rate used to determine actuarial debt. The alignment of the hypotheses caused a decrease of €600,000 in the 2012 financial results and by consequence a decrease of €396,000 in net profit. On the balance sheet, only a transfer between equity items can be noted.

1.4.2. Fluxys Belgium group – 2013 results (IFRS)

Summary consolidated income statement

Summary consolidated income statement		In thousands of €
	31-12-2013	31-12-2012 restated
Operating revenue	620,074	626,306
Other operating income	21,380	26,744
Raw materials and other materials used	-71,030	-44,365
Services and other goods	-155,977	-168,609
Personnel expenses	-125,341	-125,368
Other operating charges	-9,882	-7,720
Depreciation and amortisation	-142,220	-142,830
Provisions	19,732	23,395
Specific impairment losses	-1,535	-811
Profit from continuing operations	**155,201**	**186,742**
Change in the fair value of financial instruments	1,146	3,400
Financial income	2,385	5,819
Financial expenses	-53,326	-55,822
Profit from continuing operations after net financial results	**105,406**	**140,139**
Income tax expense	-36,788	-51,694
Net profit for the financial year	**68,618**	**88,445**
Fluxys Belgium share	68,618	88,445
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company's shareholders in €	0,9766	1,2588
Diluted earnings per share attributable to the parent company's shareholders in €	0,9766	1,2588

Summary consolidated comprehensive income

Summary consolidated comprehensive income		In thousands of €
	31-12-2013	31-12-2012 restated
Net profit for the period	**68,618**	**88,445**
Items that will not be reclassified subsequently in the income statement		
Actuarial gains and losses on employee benefits	9,989	1,126
Tax expense on other comprehensive income	-3,395	-383
Other comprehensive income	6,594	743
Comprehensive income for the period	**75,212**	**89,188**
Fluxys Belgium share	75,212	89,188
Non-controlling interests	0	0

Operating revenue for 2013 was €620.1 million, compared with €626.3 million in 2012, a decrease of €6.2 million.

- Revenue from regulated activities, namely natural gas transmission and storage and terminalling services for liquefied natural gas in Belgium, was €602.5 million, up €7.1 million compared with the previous period.
  This was due to the compensated effect between, firstly, the increase in gas sales required for the network balancing operations and, secondly, the negative impact of the decreasing OLOs on the regulated authorised turnover.
  The decrease in capacity sold was limited by commercial efforts to sell short-term capacity.
  The group would like to point out that the tariffs applied by the Fluxys Belgium group are among the most competitive in Europe.

- Revenue from non-regulated activities was €17.6 million, a decrease of €13.3 million compared with the previous year. Revenue from the Group's interests in LNG shipping, which left the consolidation scope in 2013, amounted to €11,322,000 in 2012. The new tariffs associated with the extension of a contract for the provision of making installations available, account for the balance of the evolution of this revenue.

Other operating income includes the insurance payments covering part of the compensation distributed to victims of the Ghislenghien accident, for a larger amount in 2012 than in 2013.

Consolidated net profit. The consolidated net profit for the period was €68.6 million, a decrease of €19.8 million compared with 2012.

Net profit from regulated activities is primarily determined by the equity invested, the financial structure and the interest rates (OLOs).

The following items explain the developments of the results:

- The interest rates used as a reference for calculating the authorised return on the regulated assets are the 10-year linear bonds issued by the Belgian state. These interest rates have been at historic lows for the last two years. The average rate for 2013 was 2.43%, compared with an average of 2.98% for 2012. This resulted in a drop of €8.4 million in the regulated net profit, with all other aspects remaining unchanged.
- The €421.6 million pay-out of available reserves carried out by Fluxys Belgium on 15 May 2012 enabled the Group to shift towards a financial structure that is more in line with the Belgian regulatory framework (1/3 in equity and 2/3 in loan capital). The decrease in equity caused by this pay-out automatically reduced the authorised level of net profit by €6.3 million, in comparison with 2012. Had this pay-out of available reserves not taken place, net profit for 2013 would have been higher, but the return obtained on equity would have been lower.
- The establishment of the tariff settlements for preceding years had an additional negative impact of €2.2 million on net profit, compared with the preceding year.
- Finally, the company Fluxys & Co was sold on 18 January 2013 for a sum of €70 million. Its contribution to 2012 net profit was €3.6 million.

Summary consolidated balance sheet

Summary consolidated balance sheet assets	In thousands of €	
	31-12-2013	31-12-2012 restated
I. Non-current assets	**2,449,788**	**2,492,625**
Property, plant and equipment	2,377,315	2,416,548
Intangible assets	16,174	17,024
Other financial assets	115	3,962
Financial lease receivables	19,975	22,850
Loans and receivables	18,098	32,241
Other non-current assets	18,111	0
II. Current assets	**408,467**	**484,598**
Inventories	46,741	51,208
Financial lease receivables	2,874	2,453
Current tax receivables	1,064	1,064
Trade and other receivables	66,303	50,515
Short-term investments	143,738	48,541
Cash and cash equivalents	130,758	213,480
Other current assets	16,989	5,154
Assets intended for sale	0	112,183
Total assets	**2,858,255**	**2,977,223**

Non-current assets. The investments made in 2013 (€100.7 million) were less than the depreciation for the year (€133.9 million), explaining the decrease in property, plant and equipment. These investments were primarily in compressor stations (€7.2 million), other transport installations (€50.0 million), storage in Loenhout (€3.9 million) and the Zeebrugge LNG terminal (€39.4 million), in particular the second jetty and the Open Rack Vaporiser.

Current assets. The assets intended for sale related to the company Fluxys & Co, which was sold in January 2013.

Summary consolidated balance sheet equity and liabilities		In thousands of €
	31-12-2013	31-12-2012 restated
I. Equity	**790,852**	**828,062**
Equity attributable to the parent company's shareholders	790,852	828,062
Share capital and share premiums	60,310	60,310
Reserves and retained earnings	730,542	767,752
Non-controlling interests	0	0
II. Non-current liabilities	**1,899,978**	**1,869,401**
Interest-bearing borrowings	1,503,758	1,458,093
Provisions	4,316	6,884
Provisions for employee benefits	50,130	47,686
Other non-current financial liabilities	122	990
Deferred tax liabilities	341,652	355,748
III. Current liabilities	**167,425**	**279,760**
Interest-bearing borrowings	84,326	91,129
Provisions	8,009	17,869
Provisions for employee benefits	3,503	3,341
Current tax payables	7,423	49,388
Trade and other payables	62,494	73,912
Other current liabilities	1,670	2,221
Liabilities related to assets intended for sale	0	41,900
Total equity and liabilities	**2,858,255**	**2,977,223**

Current liabilities. Provisions for environmental activities and the reinstatement of sites were used for €6 million and written back for €8.1 million in 2013. The latter was due to the decrease in the cost for the decommissioning of the peak shaving site in Dudzele. This provision reversal had no impact on the results for the period because it was factored into the tariff settlement and was accordingly deducted from in the regulated receivables of the storage activity. The payment of the tax balance for 2011 accounts for the decrease in the current tax payables section. The liabilities associated with assets intended for sale related to the company Fluxys & Co, which was sold in January 2013.

Equity. The decrease in equity is due to the payment of the dividend for the preceding year, which is shown in the table overleaf.

Summary statement of changes in equity

Summary statement of changes in equity	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
In thousands of €			
CLOSING BALANCE AS AT 31-12-2012	**828,062**	**0**	**828,062**
1. Comprehensive income for the period	75,212	0	75,212
2. Dividends paid	-112,422	0	-112,422
CLOSING BALANCE AS AT 31-12-2013	**790,852**	**0**	**790,852**

Summary consolidated cash flow statements

Summary consolidated cash flow statements (In thousands of €)	31-12-2013	31-12-2012 restated
Cash at the start of the period *	**262,021**	**447,606**
Cash flows from operating activities (1)	146,564	249,370
Cash flows from investing activities (2)	-24,717	-112,399
Cash flows from financing activities (3)	-109,372	-322,556
Net increase/decrease in cash	**12,475**	**-185,585**
Cash at the end of the period *	**274,496**	**262,021**

(1) Cash flows from operating activities also include changes in the working capital requirement. The changes in the working capital are largely due to the changes in the cash flows from the operating activities compared with 2012.

(2) This sum takes into account disposals carried out, in particular the sale of the company Fluxys & Co for €70 million.

(3) These cash flows include the available reserves and dividends paid out. In 2012, these flows included pay-out of available reserves by Fluxys Belgium, which was partly offset by a bond issue.

** "Cash" includes cash, cash equivalents and short-term investments.*

Indicators

Indicators	2013	2012
RAB (in million €)		
Transmission	2,282.7	2,224.4
Storage	280.8	272.8
LNG terminalling	319.2	309.4
WACC before taxes (in %)		
Transmission	5.19	5.95
Storage	5.34	6.09
LNG terminalling	5.02	5.88
EBIT (in million €)	155.2	186.7
Net financial debt (in million €)	1,295.5	1,287.2
ROCE (in %)	4.92	5.78

EBIT: earnings before interest and taxes

ROCE: after-tax operating income divided by capital employed

1.4.3. Fluxys Belgium SA – 2013 results (Belgian GAAP): proposed allocation of profit

Fluxys Belgium SA's net profit was €55.7 million, compared with €72.6 million in 2012.

Net profit in 2013 was down on 2012, mainly due to the pay-out of available reserves by Fluxys Belgium in 2012 and the historically low interest rates (OLOs), which negatively affected the regulated return. In addition, Fluxys Belgium no longer receives dividends from the company Fluxys & Co, which was sold in January 2013. This decrease is partially compensated by the reversal of the provision for measures regarding the final decommissioning of pipelines [€8.5 million]. This programme is finished and will be replaced by an annual programme of identified works.

As of 2010 and barring unforeseen events, Fluxys Belgium aims to distribute 100% of its net profit for the year plus any reserves released as and when the revaluation surplus depreciates.

Factoring in a profit of €46.8 million carried over from the previous year and withdrawal from reserves of €41.5 million, the Board of Directors will propose to the Annual General Meeting to allocate profits as follows:

- €92.7 million as a dividend pay-out
- €6.2 million as reserves not available for distribution
- €45.1 million as profit to be carried forward.

If the proposed allocation of profits is accepted, the total gross dividend per share for 2013 will be €1.32 (€0.99 net). That amount will be payable as from 20 May 2014.

1.4.4. Outlook for 2014

Net profit from regulated activities is primarily determined by the equity invested, the financial structure and the interest rates (OLOs). The recurring dividend will continue to change depending on the development of these three parameters. The current financial markets do not allow for accurate projections regarding changes to interest rates and, therefore, the return on regulated activities.

1.4.5. Activities and results of subsidiaries

Fluxys LNG SA (consolidated subsidiary – Fluxys Belgium stake 99.99% and Flux Re stake 0.01%). Fluxys LNG owns and operates the LNG terminal in Zeebrugge and sells terminalling capacity and related services. Fluxys LNG's equity was €216.8 million at 31 December 2013, compared with €225.9 million the previous year. The net profit for financial year 2013 was €13.9 million, compared with €13.8 million in 2012.

Flux Re (consolidated subsidiary – Fluxys Belgium stake 100%). Flux Re is a reinsurance company established under Luxembourg law in October 2007. Flux Re's equity was €4.8 million at 31 December 2013, unchanged from 2012.

Prisma (non-consolidated company– Fluxys Belgium stake 9.73%). This shared capacity platform is bringing together the gas markets of seven countries in the heart of Europe and will work proactively using the capacity allocation measures set out in the future European network code.

1.5. Specific information

1.5.1. Structure of Fluxys Belgium capital at 31 December 2013

Shareholder		Class	Number of shares	%
Fluxys	Registered	B	58,523,700	
	Dematerialised	D	1,033,400	89.97
	Registered	D	3,660,000	
Public	Registered	D	27,698	
	Dematerialised	D	7,009,302	10.03
	Bearer	D	9,400 *	
Belgian State	Registered	Golden share	1	-
			70,263,501	

* The bearer shares are 94 unsplit Fluxys BE0974265945 shares.

- Classification of shares:
  - Class B: registered shares
  - Class D: registered, dematerialised or, unless otherwise stipulated by law, bearer shares
  - The Belgian State holds golden share no. 1, which does not fall into any of the above classes
- Class-D shares are quoted on NYSE Euronext Brussels.
- Fluxys is a public limited company incorporated under Belgian law. Its registered office is located in Belgium at Avenue des Arts 31, 1040 Brussels. Fluxys' shareholders are Publigas (77.73%), the Caisse de dépôt et placement du Québec (19.97%), the Federal Participation and Investment Corporation (2.14%) and Fluxys' management and staff (0.16%).
- The Belgian State is represented by the Finance Minister.

1.6. Corporate Governance Declaration

Fluxys Belgium has adopted the Belgian Corporate Governance Code 2009 ('Code 2009') as its benchmark code of conduct. Fluxys Belgium is also subject to legislation on corporate governance contained in the Act of 12 April 1965 on the transmission of gas and other products via pipelines, as subsequently amended ('Gas Act'), and the European Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC ('Directive'). Details of the legislation applied by Fluxys can be found online:

- 2009 Code: www.corporategovernancecommittee.be
- Gas Act: www.just.fgov.be
- Directive: eur-lex.europa.eu

Fluxys Belgium does not apply the 2009 Code's rules on the length of directorships. Members of the Board of Directors are appointed for a period of six years rather than the four years advocated by the 2009 Code. However, this term is justified by the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas system operator.

1.6.1. Developments in 2013

Changes in the composition of the Board of Directors. At the Annual General Meeting on 14 May 2013, the terms of office of the independent directors Marianne Basecq and Monique Lievens were renewed for a period of six years. The procedure for renewing terms of office on the Appointment and Remuneration Committee and the Corporate Governance Committee was complied with. Their terms of office will expire at the Annual General Meeting in 2019. Ludo Kelchtermans, who was provisionally co-opted by the Board of Directors on 27 June 2012, was officially elected as a director of Fluxys Belgium at the same meeting. His term of office will expire at the Annual General Meeting in 2014.

In addition, the Annual General Meeting of 14 May 2013 decided to appoint Valentine Delwart and Sandra Wauters as independent directors to replace Sophie Brouhon and Caroline De Padt, on the proposal of the Board of Directors and upon the advice of the Appointment and Remuneration Committee and the Corporate Governance Committee. Their terms of office will expire at the Annual General Meeting in 2019.

Appointment of government commissioners. Pursuant to the Royal Decree of 14 December 2012, the term of office of François Fontaine as a representative of the federal government on the Board of Directors of Fluxys Belgium and on that of its subsidiary, Fluxys LNG, was renewed. In addition, Aart Geens was appointed as a Dutch-speaking federal government commissioner on the Board of Directors of Fluxys Belgium and on that of its subsidiary, Fluxys LNG. The Royal Decree entered into force on 14 January 2013.

Changes to the Articles of Association and the Corporate Governance Charter. The Extraordinary General Meeting of 14 May 2013 amended the Articles of Association to bring them into line with Article 8/3 of the Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines ('Gas Act') and added the following paragraph to Article 11 of the Articles of Association: "Directors of the company may not simultaneously be members of the supervisory board, board of directors or bodies legally representing the undertaking, of an undertaking active in the production or supply of natural gas and may not exercise any rights over such an undertaking." The Corporate Governance Charter was also amended to take account of the changes to the Articles of Association of 14 May 2013.

1.6.2. Risk management

Internal control and risk management systems

Reference framework. Fluxys Belgium applies the COSO model (based on ISO 31000) as its reference framework for internal control and risk management. The risk management process is a continuous and cyclical one, to ensure ever more comprehensive mapping and effective control of risks.

The Fluxys Risk Charter sets out the organisation, development and administration of the risk management process for Fluxys Belgium and its subsidiaries. It encompasses the identification, analysis, evaluation and treatment of risks in order to assist the management in meeting company objectives. The Charter also lays down the principles, procedures, roles and responsibilities associated with risk management.

Roles and responsibilities. The Board of Directors determines the degree of risk which the company is willing to incur, in accordance with its values, strategy and core policies. The Board of Directors therefore approves the reference framework for internal control and risk management and assesses implementation of the reference framework. The Audit Committee advises the Board of Directors in this area.

At least once a year, the Audit Committee examines the internal control and risk management systems set up by the Executive Board. In this way, the Committee ensures that the most important risks are suitably differentiated, managed and communicated. Implementing risk management is the responsibility of the Executive Board. In this capacity, the Executive Board evaluates the risks and the measures taken to mitigate them.

Specifically for the internal control activities, Fluxys Belgium has organised a separation of functions in its processes and IT systems to limit the risk of errors and fraud in its accounts. In addition, a budget monitoring exercise is held every three months as part of the financial reporting procedure. The monitoring, which focuses on comparing the budget with the actual figures and with forecasts, is carried out for the group as a whole, with the results being reported to the Executive Board on a quarterly basis. Fluxys uses SAP as its system for financial reporting.

Fluxys Belgium also draws up Key Performance Indicators (KPIs). The company's main KPIs relate to the corporate objectives laid down in the Balanced Score Card (covering e.g. safety, continuity of gas flows, marketing, market development, budget balance and HR policy). Special indicators are laid down for a number of departments such as IT and Asset Management.

The company also operates a system of programme management, whereby projects are examined before they are launched, based on a number of factors such as the existence of a business case, a performance analysis and the financial impact.

Risk register. For each risk, the probability of occurrence and the seriousness are determined in either quantitative or qualitative terms. In this way, the company's risk profile is adjusted periodically.

The risks are set out in a risk matrix, in which Fluxys Belgium distinguishes three levels of risk:

- Unacceptable risks, for which measures must be taken to reduce the risk. For this category, each business unit submits proposed measures including at least a description of the actions to be taken, an assessment of the impact on revenue and cost, and the designation of a person responsible for implementation and action planning. Next, an initial risk identification round is organised and the risks are consolidated. The measures are then approved by the Executive Board.
- Risks for which measures are taken to reduce the risk in line with the ALARP ('as low as reasonably possible') principle. This means that the technological resources, economic restrictions and feasibility of the measures are weighed up carefully against the risk-reducing effect. The business units keep a close eye on the risks.
- Risks for which no additional measures are taken, but to which the principle of continuous improvement applies.

Control measures. The risk profile is compared with the risk tolerance and where necessary additional measures are taken with the aim of bringing all risks within acceptable limits. For each sector of activity, these measures are translated into a policy, procedures, instructions and a regular evaluation by means of external and internal audits, technical audits and quality controls on implementation of the measures. In this way, risk awareness within the organisation is strengthened.

Counterparty risk

Since the restructuring in 2010, cash surpluses belonging to Fluxys Belgium SA have been deposited with Fluxys Finance within the framework of cash pooling agreements. In terms of Fluxys Finance, the risk of counterparties defaulting is very small, since Fluxys Finance invests the cash surplus either with prominent financial institutions or in the form of financial instruments issued by companies with high ratings, or, indeed, in financial instruments issued by companies in which a creditworthy authority is the majority shareholder or which are underwritten by a creditworthy EU Member State.

Financial risks linked to commercial transactions

The group's policy on financial risks linked to commercial transactions allows it, for most of its activities, to demand guarantees from its counterparties on a contractual basis. These can take the form of either a bank guarantee or a cash deposit. Fluxys Belgium closely monitors the commercial debts owed to it and systematically assesses the financial capacity of its counterparties. The risk of default is therefore limited but Fluxys Belgium cannot rule out such a risk completely or, by extension, a potential negative impact on its financial situation.

Commercial risk

Ex post deviations from reference amounts. The tariffs approved by CREG are based, among other considerations, on an estimate of the capacity quantities Fluxys Belgium will sell to grid users. The current market situation means that both transmission and storage of natural gas are under pressure, which in turn impacts on the amount of capacity actually reserved. In this context, Fluxys Belgium is working hard to makes its service offering even more attractive and to keep its tariffs as competitive as possible.

- Given the overall bleak economic situation in Europe, demand for natural gas is falling. As a result, certain projects to install new connections on the Fluxys Belgium grid are being postponed.
- Meanwhile, natural gas-fired power stations are facing stiff competition from other means of electricity generation (renewable energy and coal) at a time when CO_2 certificate prices are too low. The result is that a number of existing power stations are being temporarily, and in some cases permanently, shut down and new power plant projects are being postponed. This naturally has implications for the amount of capacity being reserved.
- In addition, Fluxys Belgium's storage activity is facing particularly fierce competition for annual contracts due to an increased offer of storage and other flexibility services in Europe, partly because the summer/winter difference in gas prices is too small. Consequently, for the first time ever, storage capacity at Loenhout was not entirely sold: for storage year 2013-2014, all injection and sendout capacity was sold but only 93% of the storage volume.

Decline in long-term commitments. While the number of long-term contracts is dwindling, the number of short-term transmission contracts is on the increase. This trend is resulting in investments on the grid no longer being covered via long-term contracts. By monitoring the market closely and organising targeted marketing campaigns on the one hand, and offering competitive tariffs on the other, Fluxys Belgium is reducing the associated risks as far as possible.

Retirement scheme

Some Fluxys Belgium employees are covered by a fixed-benefit pension scheme and others by a fixed-contribution pension scheme. The fixed-benefit pension scheme is one whereby the level of benefits is determined by several factors such as duration of career, salary and working arrangements. The amount of the contributions for financing the capital is determined based on a number of actuarial scenarios such as the forecast performance of the pension fund, long-term rates, life expectancy and staff turnover.

If, at a given year-end, the market value of a fixed-benefit pension scheme's assets is less than the pension liabilities (determined on the basis of actuarial scenarios), Fluxys Belgium runs the risk of under-financing, which could result in it being required to submit a recovery plan to the Financial Services and Markets Authority (FSMA) or to fund additional contributions. Such a risk of under-financing is currently covered via provisions set aside in Fluxys Belgium's consolidated accounts. Fluxys Belgium has decided to increase the financing level by adjusting its financing method so that the risk of a recovery plan or additional funding is reduced. In this way, the impact of pension funding on Fluxys Belgium's financial situation will be smaller in future.

Operational risks

The main activities in which Fluxys Belgium is involved are transmission and storage of natural gas and LNG terminalling in Zeebrugge. Given the nature of the product Fluxys Belgium transports, the company operates a comprehensive safety and security policy.

Integrated Quality & Safety Management System. Fluxys Belgium monitors the integrity of its transmission infrastructure from the design stage, through the construction phase to final operation. Safety is thus being managed through a chain of closely interlinked processes. To ensure a structured and targeted approach, Fluxys Belgium has set up an integrated management system known as the Quality & Safety Management System (QSMS), which incorporates the legal requirements and standards by which the company is bound in terms of well-being at work, industrial safety, environmental protection and quality. The QSMS is based on the principle of continuous improvement: Fluxys Belgium's processes and procedures are constantly reviewed to take account of a range of factors such as the latest technological developments.

Risks linked to the operation of Seveso sites. Fluxys Belgium and Fluxys LNG operated two Seveso sites in 2013: the LNG terminal in Zeebrugge and the underground storage facility in Loenhout. In accordance with Seveso legislation, Fluxys Belgium and Fluxys LNG pursue a proactive risk-management policy covering well-being at work, industrial safety and the environment.

Damage to infrastructure caused by third parties. Serious pipeline incidents arise mainly from damage caused by third parties. In 2013, no incidents resulting in a gas leak were caused by third parties. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of natural gas transmission infrastructure is legally obliged to notify Fluxys Belgium in advance. Fluxys Belgium then confirms whether or not any natural gas transmission infrastructure is located in the vicinity of the works. If this is the case, the applicant is sent all relevant information and details of further procedures to be followed to carry out the work safely. Fluxys Belgium also plays an active role in initiatives to keep the notification requirement threshold as low as possible.

Fluxys Belgium inspectors in the field regularly check the pipeline routes and assist contractors working in the vicinity of natural gas transmission infrastructure. They also check, among other things, that no-one is carrying out work in the vicinity of a pipeline about which Fluxys Belgium has not been informed.

Fluxys Belgium regularly evaluates this integrated administrative and operational approach to works by third parties to identify ways in which it can be improved. The company also implements an active awareness-raising policy on safety issues for local authorities and all parties involved in works close to its natural gas transmission infrastructure.

Damage to infrastructure caused by Fluxys Belgium works. Damage can also be caused while Fluxys Belgium is carrying out works to commission or repair infrastructure. All incidents or near-incidents are investigated thoroughly and remedial action is taken in a timely manner to prevent such incidents from recurring.

Corrosion. Fluxys Belgium's pipelines are covered with an external coating to prevent corrosion. Fluxys Belgium also uses a cathodic protection system in the coating to provide additional electrical protection in case of faults. In addition, where possible the pipelines are systematically inspected internally using intelligent pipeline integrity gauges and externally using electrical measurements.

Environmental impact. The natural gas transmission infrastructure has a minimal impact on the environment compared with other forms of transmission and Fluxys Belgium's environmental policy focuses on systematically reducing that minimal impact further (see 'An environmental policy based on responsibility', p. 142 for more details on our environmental projects).

Availability of new capacity on time. Establishing pipeline routes in a densely populated country like Belgium is becoming ever more complex and a range of permitting procedures and laws need to be taken into consideration. These circumstances result in lead times of five or six years to implement an infrastructure project of any scale. In many cases that is longer than the time-frame within which the market requires new capacity. With this in mind, Fluxys Belgium launches permitting procedures, and the preparations for such procedures, as soon as it can and tries to provide transparent information to the municipal authorities, local residents and other relevant parties from the very preliminary stages.

Technical risk. Shortcomings in transmission systems and IT systems used to manage the gas system may give rise to malfunctions in the natural gas transmission system. These systems can have failures caused by events outside Fluxys Belgium's control such as natural disasters, terrorist attacks, new computer viruses, attempted hacking and other IT security issues. Fluxys Belgium has taken all necessary measures to ensure that its main computer systems and the systems used to manage its infrastructure remain up and running. As such, several systems have back-up facilities which automatically kick in to ensure continued operation when a serious problem occurs. Fluxys Belgium has also made provision for liability-exemption clauses in its transmission contracts, except in the event of fraud or gross negligence. Such technical and contractual measures help to limit the impact of a serious shortcoming in the various components of the technical and IT systems. However, it is impossible to rule out all eventualities resulting in disruption of gas transmission services and affecting Fluxys Belgium's results.

Crisis management. Competent teams have been set up to manage and control crisis situations prompted by incidents and accidents involving a facility operated by Fluxys Belgium or Fluxys LNG. All members of these teams receive special crisis-management training and Fluxys Belgium regularly organises crisis-management drills to ensure that the group is always ready to respond to an incident. Annual drills are also conducted with the emergency services.

Regulatory risks

Monitoring expenditure. For those activities which fall under the Gas Act (regulated activities), Fluxys Belgium is remunerated on the basis of return on invested capital. In relation to these activities, Fluxys Belgium falls under the authority of ex-ante decisions (approval of budgets and tariffs) and ex-post decisions (approval of gains/losses and their purpose) of the Belgian federal energy regulator (CREG). If the regulator rejects the group's expenditure, this can have an impact on Fluxys Belgium's financial situation and results.

Improving efficiency and productivity. In September 2012, CREG approved Fluxys Belgium's tariff proposal for the period 2012-2015. As during the previous regulatory period, this tariff proposal includes a coefficient by which efficiency and productivity must be improved; the system operator is held responsible for any failure to achieve the improvement target set. As in previous years, Fluxys Belgium in 2013 achieved the targets set for improving efficiency and productivity.

Historically low interest rates. Net profit from regulated activities is primarily determined by the invested equity, the financial structure and the interest rates (10-year OLO rate). These parameters are recalculated annually based on the actual situation. Belgian interest rates are currently at a historically low level and are therefore impacting directly on the return authorised within the regulatory framework.

Legal risks

In the normal course of its activities, Fluxys Belgium is involved in a number of disputes with third parties; where necessary, legal proceedings are pursued. Fluxys also has insurance cover for any civil liability obligations vis-à-vis third parties.

Insurance

Fluxys Belgium assesses the likelihood of the main risks connected with its activities and estimates the potential financial impact they could have if they materialised. Depending on the possibilities and the market conditions, the group mainly covers these risks via the insurance market. In some cases, risks are partially reinsured by Flux Re, a wholly-owned subsidiary of Fluxys Belgium SA, or are partially self-retained, for example by applying appropriate deductibles.

The fact that Flux Re is fully consolidated in the group's accounts means that the costs engendered by any incidents occurring and covered by the group's insurance policy are booked to the consolidated result.

The comprehensive cover is at the very least in line with European best practices in the field and includes the different areas in which risks may materialise:

- protection of facilities against various types of 'material damage' and in specific cases also additional cover for 'operating losses';
- protection against liability towards third parties by means of comprehensive, multi-level cover;
- staff programme: mandatory insurance cover (statutory insurance against work-related accidents) and staff healthcare programme.

1.6.3. Voting rights and special powers

The Annual General Meeting represents all shareholders irrespective of their share class. It has extensive powers to perform, execute and ratify the company's business dealings. The valid decisions it makes, based on the required majority, shall be binding on all shareholders, even those who are not present or who do not agree with said decisions.

Each share entitles the holder to one vote. In compliance with the Royal Decree of 16 June 1994, and with the Articles of Association within which these statutory provisions are incorporated, special rights shall be attributed to the golden share held by the Belgian State in Fluxys Belgium in addition to the ordinary rights attached to all other shares. Said special rights are exercised by the federal Energy Minister and, in brief, comprise the following:

- the right to oppose any transfer, assignment as a guarantee, or change in the purpose of Fluxys Belgium's strategic assets – a list of which is attached to the aforementioned Royal Decree dated 16 June 1994 – if the federal Energy Minister considers that such an operation would adversely affect national interests in the field of energy;
- the right to appoint two representatives of the federal government in an advisory capacity to Fluxys Belgium's Board of Directors and Strategy Committee;
- the right of representatives of the federal government to appeal to the federal Energy Minister within four working days, on the basis of objective, non-discriminatory and transparent criteria (as defined in the Royal Decree of 5 December 2000) against any decision of Fluxys Belgium's Board of Directors or Strategy Committee (including the investment and activity plan and the associated budget) which in their view breaches national energy policy guidelines, including the government's national energy supply objectives. Such an appeal shall be suspensive. If the federal Energy Minister has not annulled the decision concerned within eight working days after this appeal, the decision shall become definitive;
- a special voting right in the event of deadlock at the Annual General Meeting concerning an issue affecting the objectives of federal energy policy.

The special rights attached to the golden share held by the Belgian State are listed under Articles 11, 15, 17 and 21 of Fluxys Belgium's Articles of Association. These rights remain attached to the golden share for as long as it is held by the Belgian State and Articles 3 to 5 of the Royal Decree of 16 June 1994 granting the State a golden Fluxys Belgium share or substituting provisions remain in force.

In addition to these statutory special rights, the golden share also confers on its holder the right to receive a share one hundred times greater than that associated with each class-B and class-D share of all dividend payments and all other payments which the company makes to its shareholders.

1.6.4. Limitations on share transfers set by law or the Articles of Association

The following share transfers are free:
- transfers of shares, subscription rights, ex-rights or independent rights enabling the purchase of shares (hereafter generally referred to as "securities") between a shareholder and companies associated with the shareholder as per the meaning detailed in the Belgian Company Code;
- all transfers of class-D shares.

In all other cases, any shareholder planning to transfer securities to another shareholder or a third party, in any manner whatsoever, shall give all other shareholders, with the exception of those of class-D shares and the golden share, the option of a priority purchase (on a pro rata basis of their shareholding) of the securities relating to the planned transfer, as per the procedures detailed below.

A shareholder planning to transfer shares must inform the company in writing, and requesting acknowledgement of receipt, a) of the number of shares he plans to sell, b) of the name of the prospective assignee(s) deemed to be of good faith and the price irrevocably offered by said assignee, and c) that the shares in question are being offered to shareholders for priority purchase under the same conditions. The Board of Directors shall inform the other shareholders of this offer in the same manner within two weeks. Every shareholder shall then have 60 days as from receipt of the aforesaid written notification to inform the transferring shareholder and the company, in writing and requesting acknowledgement of receipt, whether or not he shall submit a bid and, if so, of the number of shares he wishes to acquire.

If requests exceed the number of shares offered for sale, the Board of Directors shall distribute the shares between the applicants on a pro rata basis of the number of shares held by said applicants and up to the maximum number of shares stated in their request.

In the event that, upon the expiry of the aforementioned period of 60 days, no shareholders have indicated their intention to acquire the shares offered, or where the number of shares requested by the shareholders is less than the number of shares offered, the shareholder which indicated its intention to transfer shares in accordance with the provisions of this article shall be able to complete the planned transfer to the third party indicated in its notification and under the conditions indicated therein.

1.6.5. Rules governing the appointment and replacement of Members of the Board of Directors and amendments to the Articles of Association

Appointment and replacement of directors. Article 11 of the Articles of Association stipulates that the company shall be managed by a Board of Directors comprising no fewer than three and no more than 24 non-executive directors appointed for a maximum term of six years and who may be dismissed by the Annual General Meeting.

Article 12 of the Articles of Association stipulates that the directorships of resigning directors who have not been re-elected shall terminate immediately after the Annual General Meeting. In the event that one or more directorships remain vacant, the remaining directors may, by a simple majority of votes, act temporarily in the place of the resigning directors. In such cases, the Annual General Meeting shall make the permanent nomination or nominations at its first meeting thereafter. Where a directorship becomes vacant prior to routine expiry of a term of office, the replacement director appointed shall serve out the remaining period of the term of the director s/he is replacing.

Amendments to the Articles of Association. The group's Articles of Association may be amended by the Annual General Meeting; any amendments made must be published in the Belgian Official Gazette. Deliberation upon amendments to the Articles of Association is only valid if at least half of the group's share capital is represented at the Annual Meeting. No amendment shall be permitted unless it is passed by three-quarters of the votes.

1.6.6. Issue or buy-back of shares

Fluxys' Articles of Association authorise the Annual General Meeting to acquire the company's own shares in accordance with legal provisions. In 2013 no decision has been taken by the Annual General Meeting in this regard. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the Annual General Meeting is required.

The Extraordinary General Meeting authorised the Board of Directors to acquire, via purchase or exchange, either from the stock exchange or elsewhere and by any means and in any form, the maximum number of shares permitted under the provisions of the Belgian Company Code at a price not lower than 80% and not higher than 120% of the average closing price during the five working days immediately prior to the purchase or exchange. This authority is granted for a period of five years from 26 May 2010 and may be extended as stipulated in the Belgian Company Code. The authority also applies to the purchase of shares in the group by a direct subsidiary within the meaning of Article 627 of the Code. The Board of Directors may invalidate shares acquired in this way on the group's behalf; any such invalidation must be certified by a notarised deed and the Articles of Association must then be amended to reflect the decisions.

Pursuant to Article 622(2) of the Belgian Company Code, the group may, without the prior consent of the Annual General Meeting and at any time, transfer its own shares, either on the stock exchange or elsewhere, at a price determined by the Board of Directors. This option also applies to the transfer, either on the stock exchange or elsewhere, of the group's shares by one of its direct subsidiaries at a price determined by the Board of Directors of said subsidiary.

In the case of a capital increase, the shares for subscription in cash must be preferentially offered to shareholders, in proportion to the portion of the company's capital their shares represent. However, the Annual General Meeting may, in the interests of the company, limit or eliminate the right of preference in compliance with legal provisions.

1.6.7. Board of Directors

Composition of the Board of Directors

Article 11 of the company's Articles of Association stipulates that the Board of Directors shall comprise no fewer than 3 and no more than 24 non-executive directors, excluding one or more government representatives.

In order to comply with the provisions of the Gas Act, at least one third of directors must be independent within the meaning of the Gas Act. They are chosen partly on the basis of their financial management skills and partly for their useful technical knowledge and in particular their relevant knowledge of the energy sector. One third of directors must be of a different sex to the other members.

Half the directors must be fluent in French and the other half in Dutch.

In addition, the golden share grants the federal Energy Minister the right to appoint two representatives of the federal government to the Board of Directors.

Directors of the company may not simultaneously be members of the supervisory board, board of directors or bodies legally representing the undertaking, of an undertaking active in the production or supply of natural gas and may not exercise any rights over such an undertaking.

Directors

Daniël Termont *Chairman of the Board of Directors and Vice-Chairman of the Strategy Committee*
Daniël Termont is the Mayor of Ghent and Chairman of Publigas. He was appointed director in May 1998 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2015.

Jean-Jacques Cayeman *Director*
Jean-Jacques Cayeman has a degree in business and is Financial Director for the intermunicipal economic development company IGRETEC, which also manages the stakes held in energy companies by towns and communities in Hainaut province. He is also an advisor to the Chairman of ORES. He holds directorships in several organisations in the energy sector. He was appointed director in May 2010 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2016.

Mireille Deziron *Director*
Mireille Deziron is CEO of *Jobpunt Vlaanderen* (Flanders' jobsite) and Vice-Chairwoman of the Board of Directors of the *Openbaar Psychiatrisch Zorgcentrum* (Public psychiatric care centre) in Geel. She is also a member of Flanders' *Commissie Efficiënte en Effectieve overheid* (Commission on Efficient and Effective Government). She was appointed director in June 2009 following nomination by Publigas. Her current term of office expires at the Annual General Meeting to be held in May 2015.

Claude Grégoire *Director, Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*
Claude Grégoire is a civil engineer and CEO of Socofe. He was appointed director in October 1994 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2018.

Luc Hujoel *Director*
Luc Hujoel holds a Masters degree in economics and is Director General of the intermunicipal company Sibelga and Brussels Network Operations. He was appointed director in May 2009 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2015.

Luc Janssens *Director*
Luc Janssens holds a degree in law and is a lawyer with *Elegis – Huybrechts, Engels, Craen en vennoten* in Antwerp. He is also alderman in Kapellen. He was appointed director in May 2008 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2015.

Ludo Kelchtermans Director, Chairman of the Audit Committee
Ludo Kelchtermans has a degree in economics and is partner/accountant at Foederer DFK Belgium, an independent firm specialized in audit, accounting, tax law and consultancy. He is general manager in *Nutsbedrijven Houdstermaatschappij* (NUHMA) and member of the audit committee of Aspiravi. He was appointed director in June 2012 following nomination by Publigas. and his current term of office will expire at the Annual General Meeting to be held in May 2014.

Patrick Moenaert *Director*
Patrick Moenaert studied political and social sciences (sociology) at KU Leuven, is Honorary Mayor of the City of Bruges, the founder and former Chairman of *Vlaamse Centrumsteden* (VVSG, Flemish regional cities), and former Chairman of the intermunicipal company Finiwo. He was appointed director in May 1998 and his current term of office expires at the Annual General Meeting to be held in May 2015.

Josly Piette *Director*
Josly Piette holds degrees in industrial sociology and economic and social policy. He is Mayor of Bassenge, Honorary General Secretary of the *Confédération des Syndicats Chrétiens* (Confederation of Christian trade unions) and a director of Socofe and Publigas. He was appointed director in June 2009 following nomination by Publigas. His current term of office expires at the Annual General Meeting to be held in May 2014.

Yves Rheault *Director*
Yves Rheault holds bachelor's degrees in arts and business and a master's degree in school administration. He has served – and still serves – as a director for several companies and chairs the Boards of various companies in the energy sector. He is currently an adviser at the *Caisse de Dépôt et Placement du Québec*. He was appointed director in May 2012 following nomination by *Caisse de dépôt et placement du Québec* and his current term of office expires at the Annual General Assembly to be held in May 2017.

Christian Viaene *Director, Chairman of the Appointment and Remuneration Committee*
Christian Viaene is a commercial engineer and holds a degree in applied economics. He is Director General of the Brussels intermunicipal gas and electricity companies and is General Secretary of Publigas. He was appointed director in March 2005 following nomination by Publigas and his current term of office expires at the Annual General Meeting to be held in May 2015.

Luc Zabeau *Director*
Luc Zabeau is a commercial engineer and holds a degree in commercial and financial sciences. He joined Sibelga in 2003 where he is currently director of the Finance Department. He was appointed director in June 2009 following nomination by Publigas. His current term of office expires at the Annual General Meeting to be held in May 2017.

<u>Independent directors under the provisions of the Gas Act:</u>

Marianne Basecq *Director*
Marianne Basecq holds a degree in business administration with additional training in public management. She is a General Advisor for the holding Socofe SA. She was appointed independent director in May 2007 following nomination by Publigas and her current term of office expires at the Annual General Meeting to be held in May 2019.

Sophie Brouhon *Director (until 14 May 2013)*
Sophie Brouhon is a graduate in economics and management and is currently a member of the parliament of the Brussels-Capital Region. She was appointed independent director in May 2007 following nomination by Publigas and her term of office expired at the Annual General Meeting in May 2013.

Caroline De Padt *Director (until 14 May 2013)*
Caroline De Padt studied economics, modern languages and business administration and is a provincial councillor in East Flanders and a branch manager at Axa Geraardsbergen. She was appointed independent director in May 2007 following nomination by Publigas and her term of office expired at the Annual General Meeting in May 2013.

Valentine Delwart *Director (since 14 May 2013)*
Valentine Delwart has a law degree and followed a Master in European Law. She is Alderwoman for Social Affairs in Uccle and since March 2011 has been Secretary General of the political party *Mouvement Réformateur*. She is also a director of NMBS/SNCB. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees. Her current term of office expires at the Annual General Meeting to be held in May 2019.

André Farber *Director, Chairman of the Corporate Governance Committee*
André Farber holds a PhD in applied economics and is a professor emeritus at the *Université Libre de Bruxelles* (Brussels Free University). He was appointed director in December 2003 and an independent director by the Extraordinary General Meeting of 14 January 2004. He was approved as an independent director by the Board of Directors until the end of his term of office following nomination by the Appointment and Remuneration Committee in May 2009. His current term of office expires at the Annual General Meeting to be held in May 2014.

Hélène Deslauriers *Director*
Hélène Deslauriers studied Law at the University of Montréal and obtained an LL M at the University of London. She is a member of the Bar of the Province of Québec and a member of the International Bar Association. She was Vice President at Bombardier Transportation for 13 years. She was appointed independent director in May 2011 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees. Her current term of office expires at the Annual General Meeting to be held in May 2017.

Monique Lievens *Director*
Monique Lievens holds a degree in economics and specialised in business economics. She is Human Resources Advisor at the National Bank of Belgium. Her current term of office expires at the Annual General Meeting to be held in May 2019.

Walter Nonneman *Director*
Walter Nonneman is a professor of economics at the University of Antwerp and a director of several financial institutions and associations. He holds a PhD in applied economics from UFSIA and also studied at the Harvard Graduate School of Business Administration. Walter Nonneman was appointed independent director in May 2009 following nomination

by the Appointment and Remuneration Committee and his current term of office expires at the Annual General Meeting to be held in May 2015.

Sandra Wauters *Director (since 14 May 2013)*
Sandra Wauters obtained a Doctor's degree in Chemical Engineering at the University of Ghent. She is Environmental Manager at BASF Antwerp where she is in charge of coordinating energy and climate related matters. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees. and her current term of office expires at the Annual General Meeting to be held in May 2019.

Henriette Van Caenegem *Director*
Henriette Van Caenegem holds a degree in law and until the end of 2013 was Chief Legal Officer of Tessenderlo Group, a chemicals multinational headquartered in Belgium. She was appointed independent director in May 2006 and her appointment as an independent director was confirmed by the Board of Directors upon the advice of the relevant advisory committees. and her current term of office expires at the Annual General Meeting to be held in May 2018.

Federal government representatives

François Fontaine
François Fontaine holds degrees in law and tax law and is currently a general advisor with the *Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij* (Federal Holding and Investment Company). He was appointed as the French-speaking federal government representative by the Energy Minister on 4 February 2009 with the specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 21 of the Articles of Association and in the Corporate Governance Charter. François Fontaine's term of office as federal government representative on the Board of Directors of Fluxys Belgium was renewed by the Royal Decree of 14 December 2012, which entered into force on 14 January 2013.

Aart Geens *(since 14 December 2013)*
Aart Geens was appointed as the Dutch-speaking federal government commissioner on the Board of Directors of Fluxys Belgium pursuant to the Royal Decree of 14 December 2012. The Royal Decree entered into force on 14 January 2013. He holds a degree in history and a Masters in international relations. He is currently an advisor to the policy unit of the Secretary of State for Energy. He was appointed federal government representative by the Secretary of State for Energy on 14 December 2012 with the specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 21 of the Articles of Association and in the Corporate Governance Charter.

The federal government representatives attend Board of Directors and Strategy Committee meetings in an advisory capacity.

Presence of the Chairman of the Executive Board

As Chairman of the Executive Board, Walter Peeraer is routinely invited to attend meetings of the Board of Directors and the advisory committees.

Secretariat

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Board of Directors.

Activity report

Issues examined

The members of the Board seek to adopt decisions by consensus. In 2013, the Board addressed the following main issues:

- the strategy of Fluxys Belgium and Fluxys, including European developments and strategic alliances;
- amendments to rules on corporate governance applicable to Fluxys LNG;
- the budget 2013-2015;
- the ten-year investment programme (2014-2023);
- PMT 2014-2022;
- HSEQ policy;
- preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases;
- drafting the annual financial report for the financial year 2012 and the half-yearly financial report as at 30 June 2013;
- drafting interim statements to be released on 14 May and 13 November 2013;
- projects and research into projects related to the continuing development of the group's activities in Belgium, including:
    - Yamal LNG;
    - conversion from L-gas to H-gas;
    - competitiveness of transit routes;
    - reverse flow Italy - Belgium;
    - identification of innovative markets, with the aim of increasing the degree of utilisation of facilities and making environmental efficiency gains;
- changes in the legal and regulatory framework, including:
    - follow-up of the tariff agreement with CREG;
    - keeping abreast of developments in disputes and action brought in order to safeguard the company's interests;
    - the certification procedure;
    - Tariff Network Code;
    - standard agreements, access codes and service programmes;
    - security of electricity supply ('Wathelet Plan');
    - changes to public procurement legislation;

    - Gas Act: action against transposition of the EU's 3rd Energy Directive and reform of the federal contribution;
    - Royal Decree on safety;
- the Fluxys LNG tariff proposal;
- commercial activities;
- the sale of Fluxys & Co;
- the ramifications of the case surrounding the Ghislenghien accident;
- convening the Annual General Meeting and the Extraordinary General Meetings;
- amendments to the composition of the Board of Directors and the advisory committees;
- examination of reports by the Strategy Committee, the Audit Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee;
- organisation and succession planning at Fluxys Belgium and the development of an efficiency programme for 2014-2016;
- assessment of interaction between the Board of Directors and the Executive Board;
- launch of 2014 Board of Directors and committee evaluation procedure;
- approval of work and supply orders;
- the Fluxys SA capital increase reserved for staff;
- extending the statutory auditor's mandate and emoluments at Fluxys Belgium and subsidiary Fluxys LNG.

Frequency of meetings and attendance levels

	Attendance
Daniël Termont	6 out of 6 meetings
Claude Grégoire	6 out of 6 meetings
Marianne Basecq	6 out of 6 meetings
Sophie Brouhon	2 out of 3 meetings
Jean-Jacques Cayeman	6 out of 6 meetings
Valentine Delwart	3 out of 3 meetings
Caroline De Padt	1 out of 3 meetings
Hélène Deslauriers	4 out of 6 meetings
Mireille Deziron	5 out of 6 meetings
André Farber	5 out of 6 meetings
Luc Hujoel	5 out of 6 meetings
Luc Janssens	6 out of 6 meetings
Ludo Kelchtermans	6 out of 6 meetings
Monique Lievens	6 out of 6 meetings
Patrick Moenaert	5 out of 6 meetings
Walter Nonneman	6 out of 6 meetings
Josly Piette	4 out of 6 meetings
Yves Rheault	6 out of 6 meetings
Henriette Van Caenegem	4 out of 6 meetings
Christian Viaene	6 out of 6 meetings
Sandra Wauters	2 out of 3 meetings
Luc Zabeau	5 out of 6 meetings

1.6.8. Committees formed by the Board of Directors

Strategy Committee

Composition of the Strategy Committee

The Strategy Committee comprises eight non-executive directors, of whom at least one third must be independent under the provisions of the Gas Act.

Chairman
Claude Grégoire

Vice-Chairman
Daniël Termont, Chairman of the Board of Directors

Members
Sophie Brouhon* *(until 14 May 2013)*
Caroline De Padt* *(until 14 May 2013)*
Valentine Delwart* *(since 14 May 2013)*
Luc Hujoel
Patrick Moenaert
Walter Nonneman*
Yves Rheault
Sandra Wauters* *(since 14 May 2013)*

** Independent directors under the provisions of the Gas Act.*

Federal government representatives acting in an advisory capacity
François Fontaine
Aart Geens *(since 14 December 2013)*

Invited in an advisory capacity
Walter Peeraer, Chairman of the Executive Board and CEO
Christian Viaene, Director

Secretariat

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Strategy Committee.

Issues examined

The Strategy Committee was set up within the Board of Directors in accordance with Article 17.3 of the Articles of Association. It has no decision-making powers but is responsible for preparing draft decisions to be submitted to the Board of Directors for approval in accordance with the applicable legal, regulatory and statutory provisions. Within this framework, the Strategy Committee also monitors implementation of the Board's decisions. The members of the Strategy Committee seek to adopt decisions by consensus. In 2013, the Strategy Committee addressed the following issues:

- the strategy of Fluxys Belgium and Fluxys, including European developments and strategic alliances;
- budget 2013 - 2015 and budget 2014 - 2016;
- the ten-year investment programme (2014-2023);
- PMT 2014-2022
- Flux Re investment policy;
- HSEQ policy;
- amendments to rules on corporate governance applicable to Fluxys LNG;
- sale of Fluxys & Co;
- projects and research into projects related to the continuing development of the group's activities in Belgium, including:
    - Yamal LNG;
    - storage project;
    - market integration project;
    - conversion from L-gas to H-gas;
    - competitiveness of transit routes;
    - reverse flow Italy - Belgium;
    - identification of innovative markets, with the aim of increasing the degree of utilisation of facilities and making environmental efficiency gains;

- changes in the legal and regulatory framework, including:
    - follow-up of the tariff agreement with CREG;
    - keeping abreast of developments in disputes and action brought in order to safeguard the company's interests;
    - the certification procedure;
    - Tariff Network Code;
    - standard agreements, access codes and service programmes;
    - security of electricity supply ('Wathelet Plan');
    - changes to public procurement legislation;
    - Gas Act: action against transposition of the EU's 3rd Energy Directive and reform of the federal contribution ;
    - Royal Decree on safety;
- the ramifications of the case surrounding the Ghislenghien accident;
- commercial activities and grid operation;
- information relating to operation and safety;
- the company's financial situation;
- ordering superstructure of 2nd jetty.

Frequency of meetings and attendance levels

The Strategy Committee met eight times in 2013. Director attendance at Strategy Committee meetings in 2013 was as follows:

	Attendance
Claude Grégoire	8 out of 8 meetings
Daniël Termont	7 out of 8 meetings
Sophie Brouhon	2 out of 3 meetings
Valentine Delwart	4 out of 5 meetings
Caroline De Padt	1 out of 3 meetings
Luc Hujoel	6 out of 8 meetings
Patrick Moenaert	7 out of 8 meetings
Walter Nonneman	8 out of 8 meetings
Yves Rheault	8 out of 8 meetings
Christian Viaene	8 out of 8 meetings
Sandra Wauters	5 out of 5 meetings

Audit Committee

Composition of the Audit Committee

The Audit Committee comprises seven directors, of whom at least one third must be independent. At least one independent director must have the required expertise in accounting and auditing.

Chairman
Ludo Kelchtermans

Members
Marianne Basecq*
Sophie Brouhon* *(until 14 May 2013)*
Jean-Jacques Cayeman
André Farber*
Yves Rheault
Henriette Van Caenegem*
Sandra Wauters* *(since 14 May 2013)*

** Independent directors under the provisions of the Gas Act.*

Accounting and auditing expertise of the members of the Audit Committee[2]

Ludo Kelchtermans:

- degree in economics (econometrics) from the *Katholieke Universiteit Leuven* (Catholic University of Leuven);
- has been an accountant for over 25 years and is currently an associate with Foederer DFK Belgium. Since 2001, he has been a director of Nuhma, a public holding company with stakes in energy companies such as Aspiravi, C-Power and the *Vlaamse Energieholding* (Flemish energy holding, VEH). Through his role as director in various companies, he is also represented on various audit committees;

[2] Pursuant to the Belgian Company Code (Article 96), the independence and expertise in accounting and auditing of at least one member of the Audit Committee must be accounted for in the annual report.

- Managing Director of Nuhma since September 2012, and General Manager since May 2013.

Marianne Basecq:
- graduate in business administration (commerce and management) from the University of Liège, majoring in finance; she subsequently undertook additional training in the consolidation of corporate accounts;
- member of various audit committees.

Jean-Jacques Cayeman:
- graduate in business;
- since 1985, in charge of financial and accounts management for an intermunicipal company (economic development, consultancy and management); since 1993, also active in the energy sector, responsible specifically for managing towns' stakes in energy companies;
- within these roles, involved in monitoring and auditing various companies.

André Farber:
- holder of a PhD in applied economics and emeritus professor at the *Université Libre de Bruxelles* (Brussels Free University);
- university lecturer in finance for over 30 years and formerly interim Accounting Director for the *Université Libre de Bruxelles*. Chairman of the Board of Directors of a Belgian bank, within which he chairs the financial risks monitoring committee; member of a bank audit committee.

Yves Rheault:
- degree in business and administration;
- performed CEO and financial management roles at a Canadian energy company;
- sat on the audit committee of companies in Canada and the United States;
- actively involved in implementing investment projects by Canadian financial institutions in the fields of energy and infrastructure.

Henriette Van Caenegem:
- holds a law degree from Ghent University and a Master of Laws (LL M. Cantab, Cambridge);
- as a corporate lawyer, risk management was one of her key roles, while as former General Counsel for UCB and Chief Legal Officer for Tessenderlo Group she is well versed in the financial aspects of company management, having handled numerous takeovers; risk management is now one of her main tasks.

Sandra Wauters:
- doctorate in chemical engineering;
- in her operations role at BASF Antwerp, she has acquired experience in HAZOP studies and technical risk assessments.

Secretariat

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Audit Committee.

Issues examined

The Audit Committee was set up within the Board of Directors to assist the latter. It has the powers assigned to an audit committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Audit Committee seek to adopt decisions by consensus. In 2013, the Committee addressed the following main issues:
- the company's accounts as at 31 December 2012 and 30 June 2013 as well as associated press releases (financial part);
- the annual financial report for 2012 and the half-yearly report as at 30 June 2013;
- the principles governing the closing of accounts;
- interim statements released on 14 May and 13 November 2013;
- examination of the work of the auditor;
- extending the statutory auditor's mandate and emoluments at Fluxys Belgium and subsidiary Fluxys LNG;
- examining the internal control and risk management system;
- goals, timetable and activities of the internal audit in 2013;
- internal-audit schedule for 2014;

- the technical audit team's audit plan;
- following up on the recommendations made in the wake of the internal audit in 2012;
- assessing the efficacy of the internal audit (Quality Assessment Review - QAR);
- presentation of the 2013 data sheets of Fluxys Belgium SA subsidiaries.

Frequency of meetings and attendance levels

The Audit Committee met four times in 2013. Director attendance at Audit Committee meetings in 2013 was as follows:

	Attendance
Ludo Kelchtermans	4 out of 4 meetings
Marianne Basecq	4 out of 4 meetings
Sophie Brouhon	2 out of 2 meetings
Jean-Jacques Cayeman	3 out of 4 meetings
André Farber	4 out of 4 meetings
Yves Rheault	4 out of 4 meetings
Henriette Van Caenegem	4 out of 4 meetings
Sandra Wauters	1 out of 2 meetings

Appointment and Remuneration Committee

Composition of the Appointment and Remuneration Committee

The Appointment and Remuneration Committee comprises seven directors, of whom the majority must be independent. The committee must have the required expertise in remuneration policy.

Chairman
Christian Viaene

Members
Marianne Basecq*
Sophie Brouhon* *(until 14 May 2013)*
Valentine Delwart* *(since 14 May 2013)*
Hélène Deslauriers*
Caroline De Padt* *(until 14 May 2013)*
Mireille Deziron
Luc Hujoel
Walter Nonneman*

** Independent directors under the provisions of the Gas Act.*

Secretariat
Anne Vander Schueren acts as secretary to the Appointment and Remuneration Committee.

Issues examined

The Appointment and Remuneration Committee was set up within the Board of Directors to assist it in all matters concerning the appointment and remuneration of directors and members of management. It has the powers assigned to a remuneration committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Appointment and Remuneration Committee seek to adopt decisions by consensus. In 2013, the Appointment and Remuneration Committee addressed the following main issues:

- compilation of the draft remuneration report;
- opinion on the appointment of new directors;
- opinion on the reappointment of directors whose term of office had expired;
- the objectives for the Chairman and members of the Executive Board;
- the evaluation of the Chairman and members of the Executive Board;
- the recommendation as regards remuneration of the Chairman of the Executive Board (fixed and variable remuneration);
- the recommendation as regards remuneration of the other members of the Executive Board (fixed and variable remuneration) based on a proposal by the Chairman of the Executive Board ;
- progress on company objectives for 2013;
- organisation and succession planning at Fluxys Belgium;
- preparing evaluation forms for the Board of Directors;
- amendments to rules on corporate governance applicable to Fluxys LNG;
- benchmarking on the remuneration of directors of Belgian companies.

Frequency of meetings and attendance levels

The Appointment and Remuneration Committee met four times in 2013. Director attendance at Appointment and Remuneration Committee meetings in 2013 was as follows:

	Attendance
Christian Viaene	4 out of 4 meetings
Marianne Basecq	2 out of 4 meetings
Sophie Brouhon	1 out of 2 meetings
Valentine Delwart	2 out of 2 meetings
Hélène Deslauriers	2 out of 4 meetings
Caroline De Padt	1 out of 2 meetings
Mireille Deziron	4 out of 4 meetings
Luc Hujoel	4 out of 4 meetings
Walter Nonneman	3 out of 4 meetings

Corporate Governance Committee

Composition of the Corporate Governance Committee

The Corporate Governance Committee comprises seven non-executive directors, of whom at least two thirds must be independent under the provisions of the Gas Act.

Chairman
André Farber*

Members
Sophie Brouhon* *(until 14 May 2013)*
Valentine Delwart* *(since 14 May 2013)*
Hélène Deslauriers*
Luc Janssens
Monique Lievens*
Henriette Van Caenegem*
Luc Zabeau

** Independent directors under the provisions of the Gas Act.*

Secretariat
Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Corporate Governance Committee.

Issues examined

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act. The members of the Corporate Governance Committee seek to adopt decisions by consensus. In 2013, the Corporate Governance Committee addressed the following main issues:

- preparation of the 2012 annual report by the Corporate Governance Committee drafted on the basis of Article 8/3 § 5, 3° of the Gas Act;
- opinion on the appointment of independent directors;

- opinion on the reappointment of independent directors whose term of office had expired;
- examination of applications for a position as independent director at Fluxys LNG.

Frequency of meetings and attendance levels

The Corporate Governance Committee met three times in 2013. Director attendance at Corporate Governance Committee meetings in 2013 was as follows:

	Attendance
André Farber	3 out of 3 meetings
Sophie Brouhon	3 out of 3 meetings
Valentine Delwart	0 out of 0 meetings
Hélène Deslauriers	1 out of 3 meetings
Luc Janssens	3 out of 3 meetings
Monique Lievens	3 out of 3 meetings
Henriette Van Caenegem	3 out of 3 meetings
Luc Zabeau	3 out of 3 meetings

1.6.9. Evaluation of the Board of Directors

The Corporate Governance Charter stipulates, inter alia, that the Board of Directors, under the leadership of its Chairman, must:

- regularly, and at least once every three years, examine and assess its own efficiency and that of the company's management structure and of its committees (size, composition), in particular the role and tasks of the various committees of the Board of Directors;
- examine annually how it interacts with the Executive Board;
- regularly examine and assess the contribution made by each director, so as to be able to adjust the composition of the Board of Directors to changing circumstances and within the framework of the reappointment process.

The evaluation of the Board of Directors and the advisory committees will take place in 2014.

In 2013, the Board of Directors examined how it interacted with the Executive Board based on a questionnaire completed by each member individually. The questionnaire covered the following subjects:

- evaluating the interaction between non-executive directors and management (information flow, supervision, distribution of roles, policy, etc.);
- the manner in which the Board of Directors monitors the Executive Board, and the monitoring methods used and their efficiency;
- the manner in which the appointment of members of the Executive Board and their contractual relations with the company are discussed;
- the criteria laid down for evaluation of the Executive Board and self-evaluation.

The responses to the questionnaire were analysed and the conclusion was drawn that, overall, the members of the Board of Directors were satisfied to very satisfied with the interaction between the Board of Directors and the Executive Board.

In addition to the annual evaluation, the Corporate Governance Charter also states that each advisory committee must review its internal rules of procedure and overall efficiency at least every two years. This is done at the same time as the Board of Directors' evaluation.

1.6.10. Company management in 2013

The Executive Board is responsible for the operational management of the company.

Walter Peeraer, Chairman of the Executive Board and Chief Executive Officer
Pascal De Buck, member of the Executive Board and General Commercial Director
Peter Verhaeghe, member of the Executive Board and General Director Asset Management
Jean-Luc Vandebroek, member of the Executive Board and Chief Financial Officer (until 31/1/2014)

It was decided by mutual consent to end the collaboration between Fluxys Belgium and Jean-Luc Vandebroek with effect from 31 January 2014. To ensure continuity over the coming months, Paul Tummers agreed to take over as acting Chief Financial Officer in addition to his current position. Paul Tummers has the knowledge and ability required to do the job in the short term. The procedure for appointing a Chief Financial Officer (CFO), as stipulated in Fluxys Belgium's Articles of Association and Corporate Governance Charter, has been put in place with a view to making a permanent appointment.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Executive Board.

In addition to the matters submitted to the Board of Directors (see p. 94-95), the Executive Board focused on the following issues:

- **Strategy**: 2013-2015 objectives and balanced score cards, indicative investment programme 2014-2023
- **Commercial activities**: monitoring activities on the Prisma platform, evaluating the first year of the new entry/exit model and ZTP gas trading point, analysing service competitiveness, gas purchases for network balancing, monitoring liquidity at the Zeebrugge Beach and ZTP trading places
- **Finance**: annual and half-yearly financial results, sale of the subsidiary Fluxys & Co, efficient cost management, audit policy, drafting and monitoring the budget
- **Legal and regulatory framework**: monitoring and implementation of ENTSOG network codes, market consultations and information session on regulatory documents for new services, proposal to CREG for adjusted storage service tariffs, preparation for the next tariff period

- Infrastructure and operations: network safety, analysing incidents, near-incidents and occupational accidents, the SOUL project, investment projects and orders up to €20 million, policy for decommissioning pipelines, obtaining the necessary permits for investment projects or operational activities, open rack vaporiser (ORV) operations in Zeebrugge, communication with municipalities and provinces following the 2012 local elections, R&D policy
- Human resources: organisation, competency management, efficiency programme
- Monitoring the activities of subsidiaries
- Preparing dossiers for the Board of Directors

As stipulated in its internal rules of procedure, the Executive Board is convened by the Chairman and, in principle, meets once a week.

1.6.11. Remuneration report

Board of Directors: procedures, principles and emoluments

Remuneration policy

The procedure for drawing up the remuneration policy for Fluxys Belgium's directors is as follows: the Appointment and Remuneration Committee makes a number of recommendations; the Board of Directors comes up with a proposed remuneration policy for the directors based on these recommendations; the remuneration policy is then approved by the Annual General Meeting.

Remuneration level

During financial year 2013, Fluxys Belgium set the directors' remuneration at the same level as the previous financial year in line with the principles outlined in the Articles of Association and the Corporate Governance Charter.

The Annual General Meeting has set the overall annual amount of emoluments for directors and the government representatives at a maximum of €360,000 per year (subject to indexing) as from 1 July 2007. The Board of Directors distributes the overall amount between the directors on the basis of the workload their individual roles require within the company. Directors also receive an attendance fee of €250 for each Board and committee meeting.

Within the limits of the maximum amount, the following sums are also awarded:

- an index-linked share of €8,000 (as at 1 January 2006) for members of the Board of Directors and the government representative(s), and an additional share for the Chairman of the Board;

- an additional half share for members of special committees (including for the government representative(s) within the Strategy Committee and directors invited to sit on committees in an advisory capacity) and the Chairman of the Strategy Committee.

Where directors serve for only part of a given year, their remuneration for that year is determined on a pro rata temporis basis.

Directors receive neither performance-related remuneration, such as bonuses or long-term, share-related incentive schemes, nor benefits in kind or pension-plan benefits.

At the end of the first half-year, directors are paid an advance on their emoluments and attendance fees . This advance is calculated based on the indexed basic remuneration and in proportion to the duration of the directorship in the half-year. A balancing payment is made during the month of December for the financial year.

Directors' emoluments

For their work on Fluxys Belgium's Board of Directors and its various committees, the directors received the following emoluments and attendance fees in 2013:

Name	Gross total (€)
Daniël Termont	26,841.75
Marianne Basecq	21,673.40
Sophie Brouhon	12,868.41
Jean-Jacques Cayeman	16,255.05
Valentine Delwart	16,951.41
Caroline De Padt	7,662.27
Hélène Deslauriers	20,423.40
Mireille Deziron	16,255.05
André Farber	21,673.40
Claude Grégoire (1)	22,423.40
Luc Hujoel (2)	22,423.40
Luc Janssens	16,255.05
Ludo Kelchtermans (5)	16,505.05
Monique Lievens	16,255.05
Patrick Moenaert	8,502.53
Walter Nonneman	23,173.40
Josly Piette (1)	10,336.70
Yves Rheault (3)	23,423.40
Henriette Van Caenegem	21,423.40
Christian Viaene (4)	23,423.40
Sandra Wauters	13,761.13
Luc Zabeau (2)	16,005.05
François Fontaine	17,755.05
Aart Geens	16,255.05
Total	**428,525.20**

At their request, notification is hereby given that some directors have retroceded their emoluments and attendance fees:

(1) These directors retroceded their emoluments and attendance fees to SOCOFE.
(2) These directors retroceded their emoluments and attendance fees to Interfin.
(3) This director retroceded his emoluments and attendance fees to Caisse de dépôt et placement du Québec.
(4) Christian Viaene retroceded his emoluments and attendance fees to Sibelgas.
(5) Ludo Kelchtermans retroceded his emoluments and attendance fees to Nuhma.

The federal government representatives, who attend meetings of the Board of Directors and the Strategy Committee in an advisory capacity, are:

- François Fontaine, whose term of office was renewed by the Royal Decree of 14 December 2012, which entered into force on 14 January 2013[3];
- Aart Geens, who was appointed by the same Royal Decree of 14 December 2012.

The members of Fluxys Belgium's Board of Directors hold no paid directorships in other Fluxys group companies.

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[3] Royal Decree appointing federal government auditors to the Boards of Directors of the relevant operators, as provided for in Article 8/3(1/3) of the Act of 12 April 1965 concerning the transmission of gaseous and other products by pipeline.

Executive Board: procedures, principles and remuneration

Remuneration policy

The procedure for drawing up the remuneration policy for members of Fluxys Belgium's Executive Board is as follows: the Appointment and Remuneration Committee comes up with some recommendations for the Board of Directors, and the Board of Directors approves the remuneration policy for the Executive Committee on the basis of these recommendations. The Appointment and Remuneration Committee developed a remuneration policy based on external benchmarking via the internationally recognised HAY methodology and submitted it to the Board of Directors. The remuneration policy seeks to establish a fixed basic salary that is proportionate to the level of responsibility and commensurate with a benchmark salary in the general marketplace, and a variable remuneration that rewards personal and company performance.

The members of the Executive Committee work for both Fluxys Belgium and its parent company Fluxys. As such, a share of their basic salary and variable remuneration is paid in respect of their activities at Fluxys Belgium, while another share is paid in respect of their activities at Fluxys.

Remuneration level

Basic salary. The change in the basic salary is linked to the position of each member of the Executive Board with respect to a benchmark salary in the general marketplace and the assessment of his/her individual performance. The HAY methodology (external benchmark) is used to weight each management position and ensure that remuneration is in line with the going market rate.

Performance-related remuneration. The level of performance-related remuneration received is based on the extent to which company and individual objectives have been achieved. Each year, the company objectives for the coming years are detailed in a Management Balanced Score Card compiled on the basis of a long-term strategy. The Management Score Card is used to produce individual Balanced Score Cards for each member of the Executive Board. The individual Score Cards are based on collective objectives, personal objectives (some cross-company, some individual), leadership and values. The individual Score Cards are used to determine the extent to which each member of the Executive Board has achieved his or her individual objectives.

As regards the spreading of variable remuneration for 2013, Fluxys Belgium is covered by the legal derogation from the requirement to spread payment over three years, because the on-target variable remuneration of Executive Board members is not more than 25% of the total annual remuneration.

Remuneration of Executive Board members

Setting of remuneration. For financial year 2013, the Chairman of the Executive Board was evaluated by the Board of Directors, following an opinion by the Appointment and Remuneration Committee, based on the extent to which the stipulated objectives were achieved. The Appointment and Remuneration Committee was also given an explanation by the Chairman of the Executive Board regarding the evaluation of the other members of the Executive Board in 2013.

On 29 January 2014, the Board of Directors approved performance at Fluxys Belgium for 2013. It also approved the basic salary and variable remuneration for the Chairman of the Executive Board, on the proposal of the Appointment and Remuneration Committee, and the basic salary and variable remuneration for other members of the Executive Board, on the proposal of the Chairman of that body.

The remuneration granted to members of the Executive Board comprises:
- a basic salary;
- performance-related remuneration depending on the degree to which the objectives set each year have been achieved (company and individual objectives);
- a defined-contribution pension plan administered in accordance with the rules applicable to companies in the gas and electricity sector;
- other components: expenses to cover insurance and benefits in kind, including gas and electricity sector benefits.

Executive Board members receive neither shares nor share options in the company as part of their basic salary or performance-related pay.

The variable remuneration for the Chairman of the Executive Board is paid partly in cash, with another part being paid into the group insurance scheme. For the other members of the Executive Board, the variable remuneration is paid entirely in cash.

Remuneration awarded to the Chairman of the Executive Board in 2013:

Basic salary	€ 312,000
Variable remuneration	€ 120,042
Pension	€ 124,353
Other components	€ 16,656
Total	€ 573,051

At the explicit request of Walter Peeraer, 10% of the basic salary for 2014 and 10% of the variable remuneration was waived. The ratio in the multi-employer contract was also adjusted.

Total remuneration awarded to other members of the Executive Board in 2013:

Basic salary	€ 429,622
Variable remuneration	€ 145,536
Pension	€ 155,349
Other components	€ 49,841
Total	€ 780,348

The differences compared with the remuneration awarded in 2012 can be explained by changes that took place in the composition of the Executive Board in 2013.

Under the multi-employer contract, the members in question were remunerated partly for services rendered at Fluxys Belgium and partly for services rendered at Fluxys.

Contractual provisions. All members of the Executive Board, except the Chairman, have employee status. Fluxys Belgium applies the relevant legal provisions to their employment contracts. In the case of the Chairman of the Executive Board, the contract does not provide for any compensation in lieu of notice. The members of the Executive Board hold unpaid offices, or with retrocession to Fluxys Belgium, in other companies within the Fluxys Belgium consolidation scope.

If it transpires that a deliberate error has resulted in inaccurate financial data being used as the basis for the variable remuneration, Fluxys Belgium will take the error into account in the evaluation process of the individual concerned in the year in which the error is detected.

At the request of the Board of Directors, Walter Peeraer agreed to extend his term of office as Chairman of the Executive Board and CEO of Fluxys Belgium.

Remuneration policy for the next two financial years

In 2013, Fluxys Belgium analysed the 2012 remuneration policy and level for directors based on a comparison with similar-sized companies in the industrial sector. This study will be continued in 2014.

1.6.12. Transactions and other contractual relations

The group's Corporate Governance Charter lays down a procedure for transactions and other contractual relations between directors or members of the Executive Board and the company or its subsidiaries and which do not fall within the scope of Article 523 of the Company Code.

This procedure is as follows:

Directors and members of the Executive Board must take care to comply with all legal and ethical obligations incumbent upon them. They must organise their private and business affairs in such a way as to avoid as far as possible any situation in which a personal conflict of interests may arise between themselves and the company or its subsidiaries.

In the event of any doubt on the part of a director or member of the Executive Board as to whether such a conflict of interests is present, he or she must notify the Chairman of the Corporate Governance Committee accordingly.

Where a personal conflict of interests is present, the director or member of the Executive Board concerned must, without being asked, withdraw from the Board of Directors' meeting while the matter in question is being discussed and must not take part in the voting, including by proxy, on said matter. Reasons for this abstention must be stated in accordance with the terms of the Company Code.

Where a conflict of interests is deemed to be present, the purpose and conditions of the transaction or other contractual relationship must be communicated to the Board of Directors by its Chairman. The Board of Directors is also required to approve said purpose and conditions (or refer them to the Board of Directors of the subsidiary concerned for approval) where the total amount of the transaction or accumulated transactions over a three-month period is in excess of €25,000.

The Board of Directors was not required to implement the above procedure during the financial year 2013.

1.6.13. Auditor

At the 2013 Annual General Meeting, the mandate of Deloitte SCRL, Réviseurs d'entreprise, was renewed for a period of three years.

Emoluments. The Annual General Meeting determined the annual emoluments of Deloitte SCRL, Réviseurs d'entreprise. In 2013, Deloitte received emoluments totalling €152,320 for its work as Fluxys Belgium's auditor. Deloitte also performed other tasks worth a total of €10,550.

1.6.14. Subsidiaries

The Board of Directors supervises the progress of subsidiaries' activities at least twice a year when it examines their consolidated accounts (annual and half-yearly). The Board of Directors is also informed, as and when appropriate, of major events and important developments involving subsidiaries.

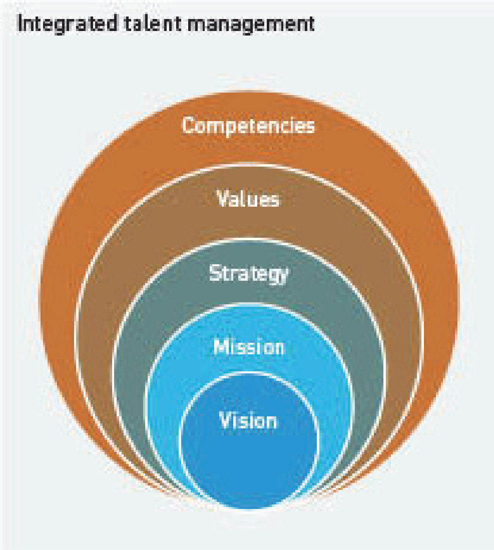
1.6.15. Disclosure of major holdings

The periodic disclosure pursuant to Article 74 §8 of the Act of 1 April 2007 was sent on 30 August 2013. On the date of the notification, Fluxys SA held 63,217,100 shares with voting rights in Fluxys Belgium SA. Publigas held no shares with voting rights in Fluxys Belgium. Fluxys SA and Publigas confirmed that, between 31 August 2012 (date of the previous notification) and 30 August 2013, they did not acquire or transfer any shares with voting rights in Fluxys Belgium.

SUSTAINABLE DEVELOPMENT

2.1 Our employees: the drivers of our growth

Fluxys Belgium attaches great importance to training its staff in its own vision, mission, strategy and values and is always looking to promote these further amongst its employees. Helping each individual to understand not only *what* the company is striving to achieve but also *how* it wants to achieve it and the key behaviour required is a critical factor to its success.



2.1.1 Attracting talented employees

Every choice shapes the future development and success of Fluxys Belgium. Given the current battle to attract talent, even greater emphasis is being placed on ensuring that the company is viewed positively by our relevant target groups.

Fluxys Belgium is taking a multimedia approach and is diversifying the channels via which it recruits. The company is also fostering close contacts with a number of universities and is offering students the opportunity to follow an internship or to complete their final dissertation with Fluxys Belgium. All these steps are designed to raise awareness of the kind of people the company is looking for and to showcase what it has to offer as an employer.

The recruitment process is designed to bring in talented individuals who are passionate about their field, motivated and proactive. It relies on close cooperation between HR and the relevant managers, with both parties contributing their expertise.

Fluxys Belgium considers itself a socially responsible company. Although we do not operate a quota policy, we do take care to maintain diversity amongst our staff and are proud of the multicultural nature of our company. We are also keen to help integrate young graduates into the world of work via 'youth contracts'.

2.1.2 Personalised induction for employees

Fluxys Belgium's induction, training and competency management programmes are designed to develop the potential of all staff and to help them achieve the company's goals.

Welcoming and integrating new staff. New recruits and staff entering a new role all follow a personalised induction programme. This programme includes training sessions on Fluxys Belgium's working methods and procedures, site visits and information sessions to gain a clearer understanding of the company's activities. Managerial staff play an active role in the induction programme and are responsible for settling new staff into their team and working environment.

Staff also benefit from a training programme focussing on three key areas: safety at work, acquiring the basics of the gas industry and standard interpretation and implementation of procedures.

Mentoring. Every new employee or any staff member who is switching roles is assigned an official mentor. Mentors are experienced colleagues responsible for supporting and guiding the new recruit in his/her new working environment.

2.1.3 Personal and career development

Fluxys Belgium believes that it is crucial to facilitate internal mobility and enable its staff to flourish, since the success of an individual will ultimately shape that of the company as a whole.

Internal mobility. Mindful that development is one of the driving forces behind an individual's professional success and that the latter will ultimately help the company to achieve its goals, Fluxys Belgium encourages and facilitates internal mobility. The company has long sought to promote from within, and staff thus have the opportunity to build a varied career. The development of Fluxys Belgium's parent company on an international level also represents a golden opportunity for all staff.

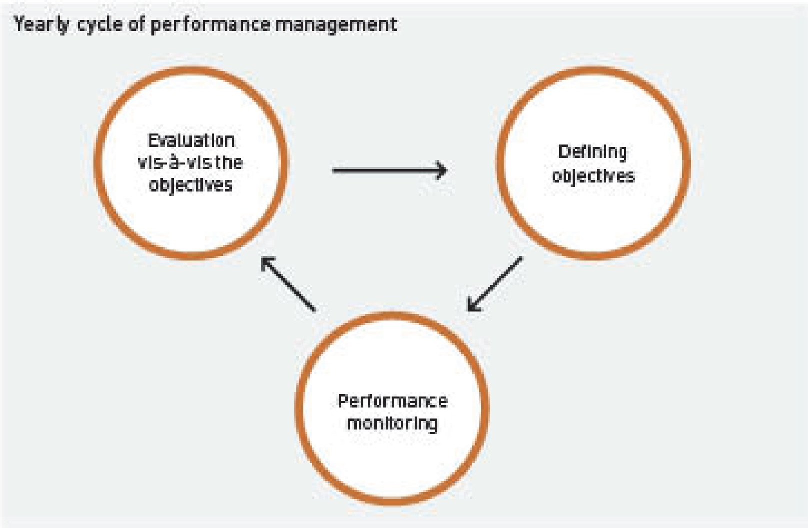
Competency management. Fluxys Belgium ensures that its staff is equipped with the competences required to achieve the company's goals. Flexibility and the ability to adapt to change, teamwork and, more broadly, a forward-looking and results-oriented approach are all competences that Fluxys Belgium wishes to drive home over the coming years. Special support will also be given to supervisors in how to manage competences and foster the development and engagement of their staff and teams.

Staff regularly audit their own competences, a task which enables them to put together a targeted personal career and development plan. It also helps to foster more collective paths to development.

Support and training. Fluxys Belgium's training policy ensures that the knowledge and competences acquired by its staff reflect changes in the company's strategy, values and goals. Fluxys Belgium sets great store by safety and technical training, as well as by developing individuals' interpersonal, leadership and communication skills.

2.1.4 Objectives to gauge performance

As part of Fluxys Belgium's corporate and departmental goals, staff members sit down with their line manager to draw up a set of personal objectives. They are encouraged by their line manager to remain focused on their objectives throughout the year and discuss potential obstacles as proactively as possible. A formal mid-year review takes place, at which key tasks and objectives are adjusted if necessary. At the end of the year, their performance during the year is assessed against pre-defined criteria, in terms of the results achieved and how they achieved them. This serves to identify further personal development needs.



2.1.5 Well-being at work

Our staff are the driving force behind our company and their commitment is crucial to its future. That's why Fluxys Belgium seeks to shore up cohesion amongst its staff and promote a feeling of loyalty and 'belonging' to the company, and offer employees the best working environment possible.

'MOVE' mobility project. Since 2013, Fluxys Belgium has offered executives based in Anderlecht and Brussels the opportunity to work from home. This will be extended to administrative staff in Brussels and Anderlecht in 2014, in so far as their job allows. Fluxys Belgium's MOVE mobility project is designed to respond to the desire of staff for a more efficient and flexible work structure.

Sustainable social dialogue. Promoting active involvement in discussions and encouraging the exchange of ideas is a top priority in HR management. Dialogue with the social partners helps to foster a sense of cohesion and promotes good industrial relations within the company. It involves a broad range of partners: all staff members, members of the Works Council, the Workplace Health & Safety Committee, and trade union representatives. Such social consultation has enabled Fluxys Belgium to establish trusted relationships based on transparent and constructive discussion.

2.1.6 Competitive remuneration policy

In a bid to continue developing the company's dynamism and to encourage a sense of commitment and involvement among its staff, Fluxys Belgium offers competitive pay in line with market levels. The company's remuneration policy is based on an objective and transparent scale designed to:

- ensure that the conditions offered are in line with market levels so as to be able to attract and retain staff who have the required competences;
- enable performance-related pay, which varies depending on each individual's role in and contribution to Fluxys Belgium's annual goals.

2.2 Safety is in our DNA

As operator of the natural gas transmission grid in Belgium, safety is Fluxys Belgium's number one priority and the bottom line in everything we do. More than half of our 1,000 staff are involved in building secure facilities and operating them safely.

2.2.1 Constant focus on reducing occupational accidents

Soul. The Soul project (Safety, Ownership, Human skills, Leadership) was launched company-wide to further enhance awareness of safety issues within Fluxys Belgium and is intended to permanently improve both process safety and occupational safety at the company. The aim is to embed safety even deeper in operational activities and to achieve operational excellence in all areas through high-quality, safe and efficient processes, consistent and appropriate safety behaviour and better communication.

The creation of the Technical Audit and Technical Training departments began to pay dividends in 2013. The Technical Audit department is geared specifically towards technical processes in terms of quality implementation and respect for HSE (health, safety and environment). It makes recommendations for improving processes and implementation.

Since 2013, technical training courses have become more interactive and practical, so that acquired knowledge can be applied more easily in the field. In this connection, communication campaigns and other behaviour-based training courses were launched in 2013 to teach staff how to put safety into practice. These will continue in 2014. Fluxys Belgium and Fluxys LNG employees completed a total of 33,675 hours of training in 2013 on technical and safety issues. That is approximately 70% of the total number of training hours in 2013 and an increase compared with 2012.

Reduction in accidents and time off work. In 2013, 11 accidents resulting in lost working time were recorded at Fluxys Belgium and Fluxys LNG, compared with 16 in 2012. The number of days off work totalled 115 in 2013, down sharply from 287 in 2012. Every accident is investigated thoroughly and immediate action is taken to prevent a similar incident occurring in the future. We believe firmly that the current downward trend in the number of accidents can be improved upon further still; last year, several sites experienced no accidents at all thanks to continued H&S efforts. One of the aims of the Soul project is to bring about lasting reductions in these statistics.

Comprehensive Health and Safety Plan. Through its Comprehensive Health and Safety Plan, Fluxys Belgium is taking steps to improve the prevention of workplace accidents and incidents. That plan forms the basis for annual action plans.

The Comprehensive Health and Safety Plan 2012-2016 is organised around three themes:
- Organisation: setting up a Technical Audit department and a more stringent monitoring of Key Performance Indicators as regards safety;
- Leadership & People: setting up a Technical Training department and an enhanced safety culture;
- Infrastructure: strict monitoring of compliance with technical codes in terms of designing and operating facilities.

2.2.2 We build and operate safe infrastructure

Safe infrastructure. The utmost care is taken when determining the route of any new pipeline and Fluxys Belgium considers an array of criteria such as the landscape, the subsoil and buildings. Route plans are discussed with local and regional authorities at various stages throughout the process. Once the route has been determined, the process of obtaining the necessary permits begins, with the safety of the surrounding area as a top priority.

Fluxys Belgium is also meticulous in its choice of materials. The company's high-pressure pipelines are made of steel and meet Belgian safety regulations and applicable European and international standards. The pipes undergo the most stringent quality-control procedures possible at the factory and these procedures are overseen by a recognised independent inspection body. The pipes also have a synthetic coating system and are fitted with a cathodic protection system to prevent corrosion.

Work on building new infrastructure is also carried out under strict safety rules. Fluxys Belgium only uses qualified and SCC-certified contractors (Safety Checklist for Contractors) and requires that excavator and hoisting-device operators, welders and other personnel performing hazardous jobs hold the relevant professional qualifications. Pipelines are laid a minimum of 1.1 m below ground while the minimum legal depth is 80 cm. A bright orange warning mesh and a warning ribbon (listing the type of product being transmitted through the pipeline, Fluxys Belgium's name and an emergency contact number) are installed 30 cm above the pipeline. Fluxys Belgium also carries out a number of checks: while laying the pipeline, every weld is inspected and prior to commissioning Fluxys conducts a range of resistance and leak tests – all under the supervision of a recognised independent inspection body. The pipeline is only commissioned once the inspection body has issued a Quality Release Note certifying that the pipeline meets Belgian safety regulations.

Successful SSC audit. Fluxys Belgium's Project Management, Supervision & Interventions and Cathodic Protection departments play an active role on work sites and have a Safety Checklist for Contractors (SCC) certification. Each year the safety system undergoes an interim external audit, with a full recertification audit being conducted every three years. In 2013, the interim audit was completed successfully.

Coordinating safety on temporary and mobile sites. Right from the start of its infrastructure works, Fluxys Belgium puts in place a safety, health and environmental protection plan. The company also tries to communicate as much as possible with contractors both prior to and during the works, to ensure that all parties have been properly informed of the potential risks involved. Safety coordination within the company is also organised in such a way as to ensure that the required safety measures are standardised in both the design and implementation phases. They only need to be adjusted to take account of the specific nature and environment of each individual project.

In the case of larger scale projects, Fluxys Belgium works with external safety coordinators. Project leaders and study engineers who have completed level-B safety coordinator training are authorised to oversee smaller scale projects. To better disseminate best practices, Fluxys Belgium now brings together external safety coordinators once or twice a year to exchange experiences.

Safety meeting with framework contractors. Fluxys Belgium invites its main framework contractors twice a year to discuss various aspects of safety an Fluxys sites and safety when carrying out maintenance work on Fluxys Belgium facilities. The purpose of the meetings is to ensure that the very highest safety standards are adhered to when work is being carried out as well as to enhance dissemination of information and organise safety inspections.

As of January 2014, all contractors working on a Fluxys site are required to watch the new Fluxys safety film. They are then tested on their knowledge of the safety rules. In 2013, Fluxys Belgium also produced a safety leaflet setting out the 10 golden rules for carrying out work safely on Fluxys sites. A copy of this is given to every contractor as a handy pocket reminder of safety requirements.

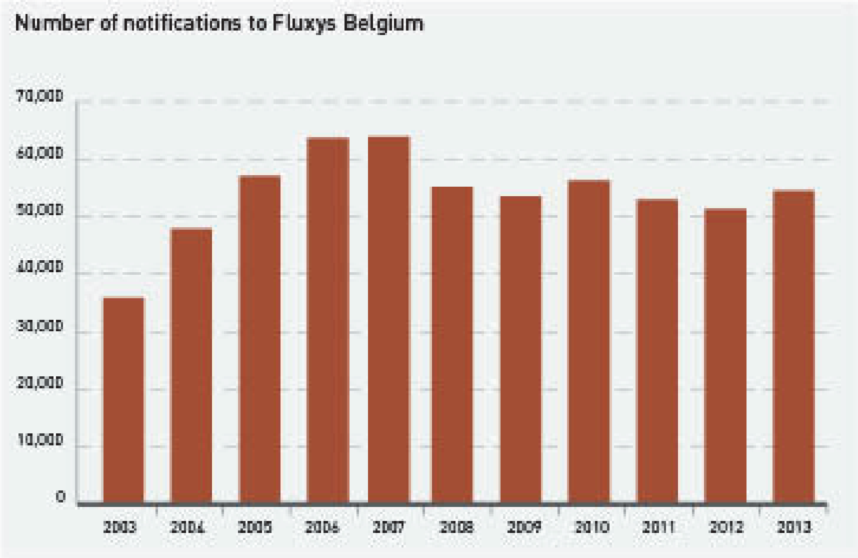
2.2.3 Easier than ever to report works

CICC/KLIM: notification of works made quick and simple. CICC/KLIM, the Federal Cable and Pipeline Information Database, is operated by the non-profit association CICC/KLIM. Apart from Fluxys Belgium, the main members of the latter are Elia and the other pipeline companies belonging to Fetrapi. Using the CICC/KLIM website, anyone can notify, among others, the owners of high-voltage cables and pipeline infrastructure used to transport gaseous and other products about work to be carried out in Belgium. The portal makes it simpler to meet the legal requirement to provide notification of works.

The federal CICC/KLIM platform has a Flemish counterpart called the Cable and Pipeline Information Portal (KLIP). CICC/KLIM and KLIP are linked: any notifications submitted via CICC/KLIM of works being carried out in Flanders are automatically forwarded to KLIP, while notifications in KLIP are automatically forwarded to CICC/KLIM. In Wallonia and the Brussels-Capital Region, CICC/KLIM is evolving into the general portal for location plan requests. In 2013, more companies from a range of fields joined up. The Brussels-Capital

Region published a decree in 2013 aimed at organising plan requests via a central portal. The decree enters into force in spring 2014, with CICC/KLIM designated as the central portal.

Since it was first launched, use of the CICC/KLIM platform has increased considerably. Of all CICC/KLIM consultations in 2013, about 48,000 pertained to Fluxys Belgium, as compared with 41,000 in 2012, 31,000 in 2011 and 25,000 in 2010. Fluxys Belgium received some 88% of all notifications via the CICC/KLIM portal in 2013, compared with just 24% in 2008.



In total, Fluxys Belgium received around 55,000 notifications in 2013, more than the 51,000 received in 2012.

Small-scale works. Small-scale works in the vicinity of Fluxys Belgium pipelines must also be notified. These include connections of properties to the distribution system and repairs to the distribution infrastructure. Fluxys Belgium is actively involved in the Fetrapi consultation with other network operators on devising a notification procedure for small-scale works which is more efficiently structured and easier to follow.

2.2.4 Fluxys on standby 24/7 to deal with incidents

Always on standby. Over 300 staff are on duty or standby at both Fluxys Belgium headquarters and its regional operating sectors to take immediate action should technical problems occur or the smell of gas be reported. The central dispatching office monitors the status of the grid and its facilities 24 hours a day. It also takes the lead in coordinating the response to reports of the smell of gas as well as to incidents and accidents. If an incident occurs on the grid, Fluxys Belgium's technicians and specially trained welders are also on standby around the clock to carry out repairs on site. A crisis unit is also available which can be deployed rapidly in emergency situations.

Emergency plan exercises. Practising emergency plans is one of the ways in which Fluxys aims to further enhance cooperation with the emergency services. Fluxys Belgium holds regular emergency plan exercises on the pipeline network and at its stations. In the case of Seveso sites, as well as some other facilities, the local emergency services are always involved. In 2013, joint exercises with the fire brigade were carried out in Wuustwezel (Loenhout) and Brussels (Anderlecht), among other places. These were greatly appreciated by the emergency services as an opportunity to exchange expertise and improve emergency planning. The provincial disaster exercise in Wuustwezel on 15 June involved our Seveso natural gas storage facility. The scale of the exercise also required the involvement of various emergency services from the surrounding area.

2.3 Constructive dialogue with our neighbours

2.3.1 Transparent communication during infrastructure projects

From the planning phases for new infrastructure projects, Fluxys Belgium strives to inform the municipal authorities, local residents and other stakeholders in a transparent way about the work the company intends to carry out. We place special emphasis on the company's approach to safety and on the fact that our pipelines and installations constitute a public-interest infrastructure.

To help with communication about infrastructure projects, Fluxys Belgium has produced a film showcasing the company and explaining its activities. The film has a modular structure, so can be adapted flexibly to the purpose of each information meeting.

Dedicated Fluxys Belgium contacts for owners and operators of land traversed by a pipeline

From the initial planning of a pipeline route right through to site restoration after a pipeline has been laid, owners and operators of land which is traversed by a pipeline have their own contact person at Fluxys Belgium. In this way they can consult someone who has a thorough knowledge of their concerns and the features of their land. The Fluxys Belgium contacts are part of a team of independent negotiators with a specific mission from the company: to ensure good relations by defending owners' and operators' interests within Fluxys Belgium. The negotiators are also the contact persons for all owner and operator queries once the pipeline is operational.

Engaging with the local community right from the planning phase

At the design phase of every new pipeline project, Fluxys Belgium sends out a visually appealing brochure containing information for local residents about the project: why the pipeline is needed, the various phases of the work, how the route was determined, who the Fluxys Belgium contact person is and the process involved in laying a pipeline. In addition to the brochure, an information page on every new pipeline project is set up on the Fluxys Belgium website. Communication with local residents is a particular focus in other types of project as well.

Fluxys Belgium offers municipalities the possibility of co-organising information meetings for local residents during the permitting procedures for new pipelines. In 2012, Fluxys Belgium began overhauling the entire communication process. This process continued in 2013.

- The first step is to organise information meetings before the actual permitting procedure gets under way. This allows any comments to be factored into the project at an early stage.
- During the public consultation for one of the permitting procedures, the Declaration of Public Utility, Fluxys Belgium then offers to organise a second information session jointly with municipalities. This can take a variety of forms, such as answering people's individual queries in the municipality on a designated day.

Site visits for municipalities

Municipalities and other authorities are regularly invited on site visits and to site meetings whenever a Fluxys Belgium works site is in operation in their area. Such visits and meetings are an opportunity for them to monitor progress on the site more closely, enabling them to provide local residents with accurate information about the works being carried out. In 2013, Fluxys Belgium organised two such site visits in connection with work to lay the pipeline between Ben-Ahin and Bras.

After farmers and foresters, now an agreement with hunters

When Fluxys Belgium carries out work on its infrastructure or lays new pipelines, the work site can sometimes traverse or adjoin areas used for hunting. This can cause inconvenience to hunters. It is therefore very important that Fluxys Belgium can work with the hunters concerned in a spirit of good neighbourly relations. With that aim in mind, Hubertus Vereniging Vlaanderen, the association representing hunters in Flanders, and Fluxys Belgium signed an agreement in 2013 setting out compensation for disruption caused to hunting. The agreement also lays heavy emphasis on the systematic exchange of information between both parties.

2.3.2 After construction: continuing stakeholder awareness

Active prevention. Most gas transmission pipeline incidents are the result of damage to the pipes during work in the area. Therefore, anyone wishing to carry out work close to our pipelines has a legal obligation to inform Fluxys Belgium in advance. Since 2006, notifying works has been quick and simple thanks to the Federal Cable and Pipeline Information Database (CICC/KLIM) website. A dedicated team handled approximately 55,000 notifications in 2013, using a sophisticated document management system.

Fluxys Belgium is not notified of all works being carried out in the vicinity of its infrastructure and the company conducts regular inspections to identify such works. More than 60 patrol officers, based in eight regional operating sectors, inspect the pipeline system every day. Fluxys Belgium also runs a range of programmes to provide information and raise awareness about how to work safely in the vicinity of its infrastructure. These programmes are aimed at all those involved in such work, e.g. architects, developers, designers, contractors, owners and operators, municipalities, notaries and the emergency services.

As part of the maintenance programme, pipelines are inspected by passing a measuring device known as an intelligent pig (pipeline integrity gauge) through the pipe to monitor its condition.

Information sessions for provinces, municipalities, fire brigade and police

Provincial information meetings. Following the formation of new municipal councils in 2012, Fluxys Belgium organised a joint information meeting in each province in 2013 to which all concerned municipalities in that province were invited. As well as the mayor and aldermen, invitations were also issued to technical and town planning department officers, emergency plan officials, the fire brigade and the police. At the sessions, information was dispensed about the roles and responsibilities of all parties concerned, works in the vicinity of pipelines, emergency planning and incident management.

Individual information meetings for municipalities. Fluxys Belgium operates a programme of holding an information meeting with the authorities of each of the municipalities with a Fluxys Belgium high-pressure pipeline sited either within the municipality itself or in its immediate vicinity at some stage during their term of office. From 2014 to 2018, Fluxys Belgium will be visiting each municipality individually to discuss the presence of pipelines in their area. When organising information sessions, Fluxys Belgium always suggests that representatives from the local fire brigade and police force attend as well. In addition, Fluxys Belgium always follows up requests from municipalities, fire brigades or police forces to organise individual information meetings.

Dissemination of pipeline maps

Maps sent to municipalities, fire brigades and police forces every five years. Every five years, municipalities, local fire and police services are sent a full overview of all Fluxys Belgium pipelines present in their area. This five-yearly mailing was sent out in 2012. If new pipelines are commissioned or existing pipelines are moved during the five-year period, the municipalities, fire and police services concerned are automatically sent a copy of the updated maps.

Database for fire brigades. As a member of the Federation of Belgian Pipeline Companies (Fetrapi), Fluxys Belgium has its pipeline data incorporated into a continuously updated database. In collaboration with the Crisis Centre and Civil Security DGs within the Federal Public Service Home Affairs, the database was being made available online to fire brigades. After further consultation, a number of changes were made to the exchange procedure in 2013 to make accessing information on the website more user-friendly.

Database for emergency control centres. Pipeline data are also included in databases held by Communication and Information Centres (CICs), the emergency 101 control rooms to which all calls for police assistance are routed. When processing a call, these centres can consult the plans immediately to check whether the situation affects Fluxys Belgium or other Fetrapi members. The 100 and 101 centres in some provinces have been merged into a single centre.

Reminding owners and operators of Fluxys infrastructure in their area

Fluxys Belgium runs an ongoing programme in which it contacts around 70,000 landowners and operators, at least once every six years, to remind them that an underground gas pipeline passes through or close to their land. The mailing is sent out to all owners and operators in the vicinity of pipelines.

The mailing has an eye-catching design and was completed revamped in 2012. In addition, both the letter to owners and the accompanying brochure have been revised to make them more appropriate to their target readership.

Local people visit surface facilities

In early October, as part of the nationwide Company Open Day, Fluxys opened the doors of its Winksele compressor station to municipal staff, local residents and other interested parties. The Winksele station had undergone major expansion work since 2011 so this was an opportunity to show off the new part of the facility to the public. The visit was a success and will be repeated in March 2014 due to popular demand. A similar initiative took place at the Berneau compressor station, with staff from adjacent municipalities and local residents invited to visit the facility in October 2013 following the completion of expansion works .

Support for contractors when carrying out work

Every day Fluxys Belgium staff attend preparatory meetings to explain essential safety measures to be taken when carrying out construction work near Fluxys' transmission infrastructure.

Fluxys Belgium has put together a special brochure setting out the rules to be observed when carrying out work in the vicinity of pipelines and the notification procedure to be followed by anyone planning construction works in the vicinity of natural gas transmission infrastructure.

In 2013, Fluxys Belgium also took part in information sessions on working in the vicinity of pipelines and using the CICC/KLIM and KLIP internet portals, which allow contractors to report their works to cable and pipeline owners. These sessions are organised for various organisations such as contractors and engineering firms.

2.4 An environmental policy based on responsibility

2.4.1 Core principle: systematically further reducing minimal environmental impact

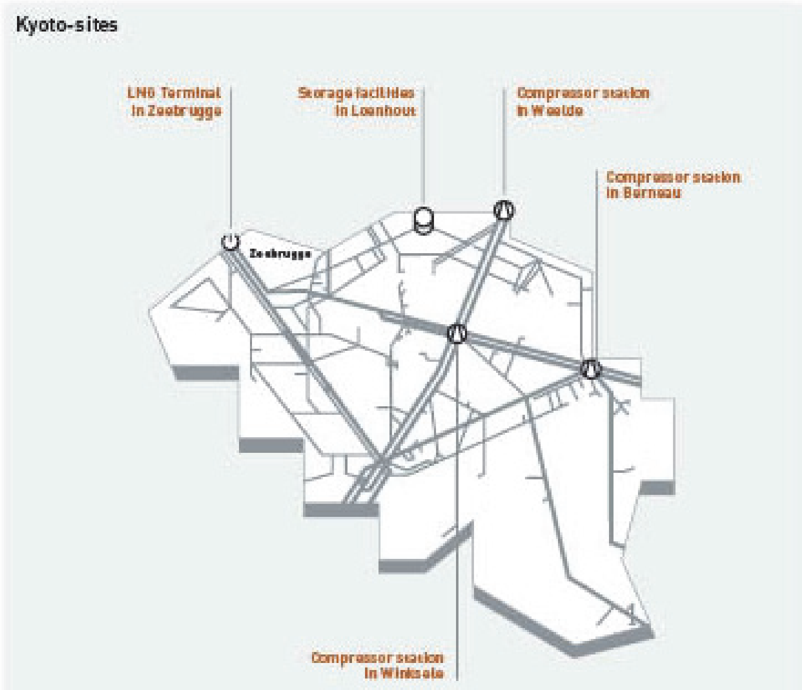
Traditional transmission modes are no match for underground pipeline transmission when it comes to use of space, safety, energy efficiency and environmental impact. Of all the various forms of transmission available, transmission by pipeline represents the lowest cost for society. With regard specifically to environmental impact, transmission by pipeline scores highly against all relevant indicators, i.e. noise, air pollution, soil pollution, visual impact and effects on the countryside. Fluxys Belgium's environmental policy is designed to further systematically limit the already minimal environmental impact and to this end the company utilises the best available technologies.

2.4.2 Lower emissions, better air quality

Kyoto sites

Kyoto Protocol. In line with the Kyoto Protocol, the European Union set the maximum permitted level for annual production of greenhouse gases for the period 2008-2012 at 92% of 1990 emissions levels. The European Commission issued an Emissions Trading Directive in order to comply with these commitments. The Directive took effect on 1 January 2005. In Belgium, tradable emissions are distributed across the three Regions. Within each Region, they are then allocated to each industrial site that emits a certain quantity of greenhouse gases.

For the period 2013-2020, the European Union has amended the Emissions Trading Directive so as to reduce CO_2 emissions in the EU by at least 20% in 2020 compared with 1990 levels. The allocation of free CO_2 emission allowances has been restricted and adjusted according to activity level.



Five Kyoto sites. Fluxys Belgium has five sites governed by the Kyoto Directive.

- In accordance with the EU Directive, Fluxys Belgium holds CO_2 emission rights for each of its Kyoto sites.
- As per the Directive, Fluxys Belgium applies monitoring protocols to its Kyoto sites. Monitoring protocols are sets of procedures used to monitor daily emissions of CO_2 and to report them by type of consumption. Every year, all of the procedures undergo an internal audit for each site concerned. The internal audit conducted in 2013 did not identify any non-conformities.
- Fluxys Belgium also prepares an annual emissions report for each Kyoto site in line with the Directive. These reports are then audited externally. The conclusions of this external audit were also positive in 2013.

Towards 100% carbon-neutral gas supply in 2050

In April 2013, the gas infrastructure companies GRTgaz (France) and Swedegas (Sweden) joined the initiative by Fluxys Belgium, Energinet.dk (Denmark) and Gasunie (The Netherlands) for a carbon-neutral gas supply by 2050.

This commitment demonstrates the five companies' desire to play an active role in fighting climate change. To reach their shared goal, they are cooperating closely and exchanging expertise with a view to implementing the various options and studying how these can be combined given the different energy situation in each country. Other operators are welcome to join this initiative to promote the development of a sustainable gas sector.

Air emission measurements

Fluxys Belgium has periodic emission measurements carried out at all of its combustion units. These measurements enable the company to fine-tune its units to ensure that their energy efficiency remains optimal and to keep levels of harmful emissions to a minimum.

Fluxys Belgium mainly uses natural gas to operate its transmission infrastructure. The combustion of natural gas produces nitrogen oxides (NO_x) and carbon dioxide (CO_2) and pressure-reducing stations can also produce a small amount of methane (CH_4).

Fluxys Belgium participates in working groups studying best practices to prevent and/or minimise emissions of methane (CH_4) and nitrogen oxides (NOx). These working groups are organised by the Technical Association of the European Natural Gas Industry (Marcogaz).

Open rack vaporiser at LNG terminal leads to sharp drop in CO_2 emissions

In connection with the environmental permit for the first capacity enhancement of the Zeebrugge LNG terminal (2004-2008), Fluxys Belgium looked into the feasibility of adding an open rack vaporiser (ORV) to the new regasification facility. An ORV heats LNG using heat from seawater and could lead to a significant reduction in energy consumption. Less frequent use of conventional LNG vaporisers also means a reduction in emissions of CO_2 and NO_x.

In 2009, Fluxys Belgium decided to build the open rack vaporiser. The facility was commissioned in late June 2013. According to initial conclusions in January 2014, the facility had reduced CO_2 emissions by almost 14,000 tonnes between July and December. In total, the terminal emitted just 9,886.5 tonnes of CO_2 to vaporise 849.9 million cubic meters of natural gas over the six-month period.

2.4.3 Fluxys Belgium committed to joining the global energy-efficiency elite

Global benchmark. On its own initiative, Fluxys Belgium joined the Flanders Benchmarking Covenant on energy efficiency, whereby the company made a commitment to channel the necessary investment into its Kyoto facilities in order to join and remain in the global energy-efficiency elite. The benchmarking involves comparing the energy performance of the sites in question every four years to comparable facilities around the world. Proposals are then drawn up within energy-management plans on improving energy efficiency. Each year, the relevant authority is sent a report on energy-efficiency monitoring during the year.

Energy-management plans. In 2010, in line with the Benchmarking Covenant, the energy-management plans compiled in 2006 were updated. The findings of that update were that the Fluxys Belgium facilities involved were among the best in the world in terms of energy efficiency. In 2013, Fluxys Belgium remained on course with its planned measures.

New infrastructure projects: energy study. Fluxys Belgium carries out a thorough energy study into any project for new natural gas transmission infrastructure that will consume a significant amount of energy. This study is used to integrate the most effective solution for improving the project's energy efficiency.

2.4.4 Taking care of the soil in which we lay our pipelines

Fluxys Belgium has a programme to ensure that all of its infrastructure will continue to meet exacting safety and quality standards in the long term. One of the company's findings was that in some locations pipes will soon need to be replaced, the grid will need to be restructured or pipeline sections may be decommissioned.

To that end, a programme was launched in 2010 to permanently decommission 520 kilometres of disused pipeline. A total of 274 kilometres had been completed by the end of 2013. Where necessary, the pipelines were first cleaned of any residue and where the disused pipes were located beneath roads, they were filled with a hardened substance to prevent subsidence.

2.4.5 Noise: efforts are paying off

In recent years, Fluxys Belgium has carried out studies and pilot projects on silencing technology. This technology is fitted in new above-ground installations and is gradually being implemented in existing ones. For example, low-noise pressure-reducing equipment has been installed at various points on the network.

At the Weelde compressor station, the flues and oil coolers of two machines were replaced. The oil coolers of two machines were also replaced at Winksele. Other machines at Winksele and Weelde will be dealt with in 2014.

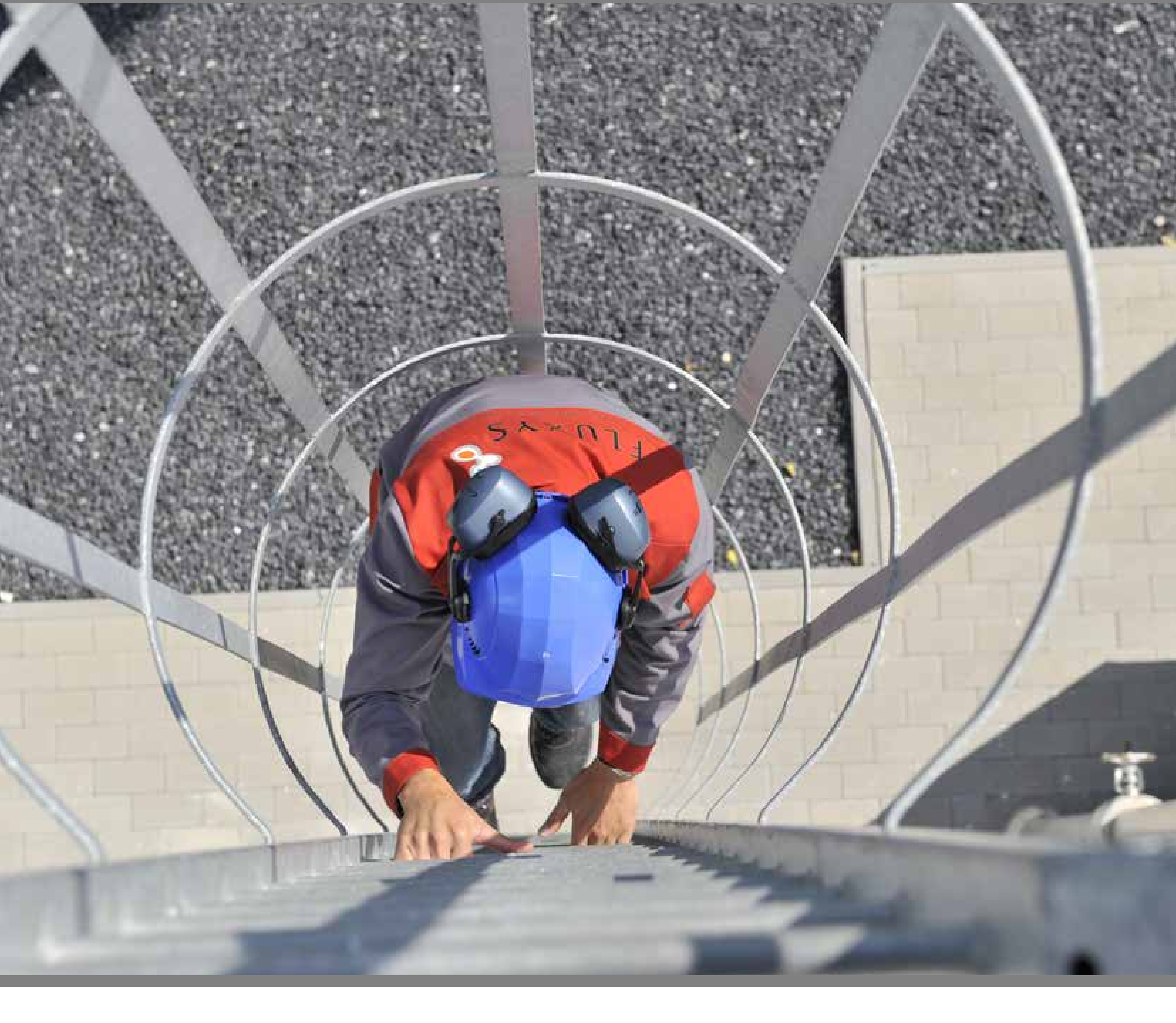
2.4.6 Special attention paid to ecosystems when laying or building new infrastructure

Fluxys Belgium takes great pains to conserve ecosystems in the areas where it builds infrastructure. Where required, the company carries out environmental impact assessments for new projects; these environmental impact assessments must be approved by the relevant authorities.

Environmental impact assessments. The following environmental impact assessments were completed in 2013:
- Plan environmental impact report for the new pipeline between Alveringem and Maldegem
- Project environmental impact report for a fifth liquefied natural gas storage tank at the LNG terminal in Zeebrugge (usable volume of 180,000 m³).

Promoting nature. When laying a new pipeline, Fluxys Belgium always takes care to ensure that the environment is disturbed as little as possible and that nature can be restored to the area once the works to lay a pipeline have been completed. Wherever possible, Fluxys Belgium also invests in compensatory measures to benefit nature.

CONSOLIDATED FINANCIAL STATEMENTS UNDER



IFRS

03

I. General information on the entity

Corporate name and registered office

The registered office of the parent entity Fluxys Belgium SA is Avenue des Arts 31, B – 1040 Brussels, Belgium.

Group activities

The main activities of the Fluxys Belgium group are transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. The Fluxys Belgium group also carries out complementary services related to these main activities.

The transmission, storage and LNG terminalling services in Belgium are subject to the Gas Act[4].

Please refer to the specific chapters in the directors' report for further information on the activities of Fluxys Belgium group.

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[4] Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines as later amended.

II. Consolidated financial statements of the Fluxys Belgium group under IFRS

A. Consolidated balance sheet

Consolidated balance sheet			In thousands of €
	Note	31-12-2013	31-12-2012 restated
I. Non-current assets		**2,449,788**	**2,492,625**
Property, plant and equipment	12	2,377,315	2,416,548
Intangible assets	13	16,174	17,024
Other financial assets	16	115	3,962
Finance lease receivables	17	19,975	22,850
Loans and receivables	18/33/35	18,098	32,241
Other non-current assets	27	18,111	0
II. Current assets		**408,467**	**484,598**
Inventories	19	46,741	51,208
Finance lease receivables	17	2,874	2,453
Current tax receivable	20	1,064	1,064
Trade and other receivables	21	66,303	50,515
Short-term investments	22	143,738	48,541
Cash and cash equivalents	22	130,758	213,480
Other current assets	23	16,989	5,154
Assets held for sale	3	0	112,183
Total assets		**2,858,255**	**2,977,223**

Consolidated balance sheet			In thousands of €
	Note	31-12-2013	31-12-2012 restated
I. Equity	24	**790,852**	**828,062**
Equity attributable to the parent entity's shareholders		790,852	828,062
Share capital and share premiums		60,310	60,310
Reserves not available for distribution		18,828	12,813
Other reserves		-2,152	-8,746
Retained earnings		713,866	763,685
Non-controlling interests		0	0
II. Non-current liabilities		**1,899,978**	**1,869,401**
Interest-bearing borrowings	25	1,503,758	1,458,093
Provisions	26	4,316	6,884
Provisions for employee benefits	27	50,130	47,686
Other non-current financial liabilities	33	122	990
Deferred tax liabilities	28	341,652	355,748
III. Current liabilities		**167,425**	**279,760**
Interest-bearing borrowings	25	84,326	91,129
Provisions	26	8,009	17,869
Provisions for employee benefits	27	3,503	3,341
Current tax payable	29	7,423	49,388
Current trade and other payables	30	62,494	73,912
Other current liabilities	31	1,670	2,221
Liabilities related to assets held for sale	3	0	41,900
Total liabilities and equity		**2,858,255**	**2,977,223**

B. Consolidated income statement

Consolidated income statement			In thousands of €
	Note	31-12-2013	31-12-2012 restated
Operating revenue	4	620,074	626,306
Other operating income	5	21,380	26,744
Consumables, merchandise and supplies used	6	-71,030	-44,365
Miscellaneous goods and services	6	-155,977	-168,609
Employee expenses	6	-125,341	-125,368
Other operating charges	6	-9,882	-7,720
Depreciation and amortisation	6	-142,220	-142,830
Provisions	6	19,732	23,395
Impairment losses	6	-1,535	-811
Profit from continuing operations		**155,201**	**186,742**
Change in the fair value of financial instruments	8	1,146	3,400
Financial income	7	2,385	5,819
Financial expenses	8	-53,326	-55,822
Profit/loss from continuing operations after net financial results		**105,406**	**140,139**
Income tax expense	9	-36,788	-51,694
Net profit for the period	10	**68,618**	**88,445**
Fluxys Belgium share		68,618	88,445
Non-controlling interests		0	0
Basic earnings per share attributable to the parent entity's shareholders in €	11	0.9766	1.2588
Diluted earnings per share attributable to the parent entity's shareholders in €	11	0.9766	1.2588

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note	In thousands of € 31-12-2013	31-12-2012 restated
Net profit for the period	10	**68,618**	**88,445**
Items that will not be reclassified subsequently in the income statement			
Actuarial gains/losses on employee benefits	26	9,989	1,126
Income tax expense on other comprehensive income		-3,395	-383
Other comprehensive income		6,594	743
Comprehensive income for the period		**75,212**	**89,188**
Fluxys Belgium share		75,212	89,188
Non-controlling interests		0	0

D. Consolidated statement of changes in equity

Consolidated statement of changes in equity								In thousands of €
	Share capital	Share pre-mium	Reserves not available for distribution	Employee benefits reserves	Retained earnings	Equity attributable to the parent entity's shareholders	Non-controlling interests	Total equity
I. CLOSING BALANCE AS AT 31-12-2011 restated	60,272	38	9,552	-9,708	1,302,661	1,362,815	1	1,362,816
1. Comprehensive income for the period			3,261	743	85,184	89,188	0	89,188
2. Dividends paid					-623,941	-623,941	-1	-623,942
3. Other changes				219	-219	0		0
II. CLOSING BALANCE AS AT 31-12-2012 restated	60,272	38	12,813	-8,746	763,685	828,062	0	828,062

Consolidated statement of changes in equity								In thousands of €
	Share capital	Share premi um	Reserves not available for distribution	Employee benefits reserves	Retained earnings	Equity attributable to the parent entity's shareholders	Non-controlling interests	Total equity
I. CLOSING BALANCE AS AT 31-12-2012 restated	60,272	38	12,813	-8,746	763,685	828,062	0	828,062
1. Comprehensive income for the period			6,015	6,594	62,603	75,212	0	75,212
2. Dividends paid					-112,422	-112,422		-112,422
3. Other change						0		0
II. CLOSING BALANCE AS AT 31-12-2013	60,272	38	18,828	-2,152	713,866	790,852	0	790,852

E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2013	31-12-2012 restated
I. Cash and cash equivalents, beginning balance	**213,480**	**405,622**
II. Net cash flows relating to operating activities	**146,564**	**249,370**
1. Cash flows from operating activities	**200,858**	**311,124**
1.1. Profit from operations	155,201	186,742
1.2. Non cash adjustments	121,011	118,095
1.2.1. Depreciation and amortisation	142,220	142,830
1.2.2. Provisions	-19,732	-23,395
1.2.3. Impairment losses	1,535	811
1.2.4. Translation adjustments	0	0
1.2.5. Other non cash adjustments	-3,012	-2,151
1.3. Changes in working capital	-75,354	6,287
1.3.1. Inventories	4,467	-7,873
1.3.2. Tax receivable	0	1,609
1.3.3. Trade and other receivables	-15,788	40,269
1.3.4. Other current assets	-10,703	653
1.3.5. Tax payable	-39,826	-541
1.3.6. Trade and other payables	-11,418	-26,828
1.3.7. Other current liabilities	-551	-191
1.3.8. Other changes in working capital	-1,535	-811
2. Cash flows relating to other operating activities	**-54,294**	**-61,754**
2.1. Current tax	-56,419	-67,056
2.2. Interest from marketable securities, cash and cash equivalents	2,179	4,969
2.3. Other inflows (outflows) relating to other operating activities	-54	333
III. Net cash flows relating to investing activities	**-24,717**	**-112,399**
1. Acquisitions	**-108,161**	**-120,949**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-108,140	-117,029
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	0
1.3. Payments to acquire other financial assets	-21	-3,920

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2013	31-12-2012 restated
2. Disposals	**82,887**	**4,855**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	9,019	4,855
2.2. Proceeds from disposal of subsidiaries, joint ventures or associates	70,000	0
2.3. Proceeds from disposal of other financial assets	3,868	0
3. Dividends received classified as investing activities	**0**	**0**
4. Government grants received	**557**	**3,695**
5. Other cash flows relating to investing activities	**0**	**0**
IV. Net cash flows relating to financing activities	**-204,569**	**-329,113**
1. Cash fows from proceeds relating to financing	**126,869**	**448,131**
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	2,454	2,067
1.4. Proceeds from other non-current assets	14,143	8,934
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	110,272	437,130
2. Cash flows from repayments relating to financing	**-71,197**	**-104,802**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-13,818	-31,069
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-57,379	-73,733
3. Interest	**-52,622**	**-41,943**
3.1. Interest paid classified as financing	-52,807	-42,267
3.2. Interest received classified as financing	185	324
4. Dividends paid	**-112,422**	**-623,942**
5. Increase (-) / Decrease (+) of short-term investments	**-95,197**	**-6,557**
6. Bank overdrafts increased (decreased)		
7. Other cash flows relating to financing activities		
V. Net change in cash and cash equivalents	**-82,722**	**-192,142**
VI. Cash and cash equivalents, ending balance	**130,758**	**213,480**

III. Notes

Note 1a. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys Belgium group have been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union. All amounts are stated in thousands of euro.

Note 1b. Judgment and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by the group in the preparation of the financial statements relate mainly to the evaluation of the recoverable amount of property, plant and equipment, and intangible assets, and the valuation of provisions, in particular for litigation and for pension and related liabilities.

Due to the uncertainties inherent in all valuation processes, the group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

Note 1c. Date of authorisation for issue

The Board of Directors of Fluxys Belgium SA authorised these IFRS financial statements for issue on 19 March 2014.

Note 1d. Changes or additions to the accounting principles and policies

Retroactive change in accounting policy: revision of IAS 19 Employee Benefits.

The entry into force on 1 January 2013 of amendments to IAS 19 (IAS 19R) meant that the group's financial statements had to be corrected with retrospective effect. However, this recalculation only really entailed bringing the forecast rate of return on hedging instruments in line with the discount rate used to determine the actuarial debt.

The following items in the 2012 financial statements are affected by the adjustment:
- on the balance sheet, a transfer of €396 thousand was processed between other reserves and retained earnings as a result of the impact of IAS 19R on actuarial differences;
- in the income statement, from now on, the costs associated with the effects of the discounting will be presented on an offset basis with the anticipated return of the hedging instruments in the group's financial profit,no distinction made between income and expenditure;
- streamlining the assumptions used to calculate the anticipated rate of return and the discount rate results in a drop in the financial profit for 2012 of €600 thousand, a reduction in tax of €204 thousand and a decrease of €396 thousand in net profit;
- these corrections are offset by the recalculation of actuarial differences in respect of other items within the comprehensive income.

Consequently, these amendments do not affect the total of the various items of the Fluxys Belgium group's balance sheet. A presentation of the restated financial statements for financial year 2011 is therefore not relevant.

Other changes or additions to the accounting principles and policies.

Other accounting policies have been changed or added to in the interests of clarification and comprehension. These changes or additions have no impact on the group's profit.

Note 1e. Adoption of new accounting principles or revised IFRS

The following standards and interpretations are applicable as of 1 January 2013:

- IFRS 13 *Fair Value Measurement*
- Improvements to IFRS (2009-2011)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
- IAS 19 (revised) *Employee Benefits*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

At the date of authorisation of these financial statements, the standards and interpretations listed below have been issued but are not yet mandatory:

- IFRS 9 *Financial Instruments* and consequential amendments (not yet adopted at European level)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosure of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Consolidated Financial Statements, Disclosure of interests in Other Entities – Investment Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14: *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 January 2014, but not yet adopted at European level)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2014, but not yet adopted at European level)

- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 July 2014, but not yet adopted at European level)
- Amendments to IAS 36 – *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – *Levies* (applicable for annual periods beginning on or after 1 January 2014, but not yet adopted at European level).

The group's management believes that the adoption of these principles and interpretations will have no consequences of substantial importance on the financial results of the group in the future.

Note 2. Accounting principles and policies

The accounting principles and policies set out below were approved at the Fluxys Belgium Board of Directors meeting of 19 March 2014.

Changes or additions compared to the previous annual period are <u>underlined</u>.

2.1. General principles

The financial statements fairly present Fluxys Belgium group's financial position, results of operations and cash flows.

The group's financial statements have been prepared on the accrual basis of accounting, except for the cash flow statement.

Assets and liabilities have not been offset against each other, except when required or allowed by an international accounting standard.

Current and non-current assets and liabilities have been presented separately in the balance sheet of the Fluxys Belgium group.

The accounting policies have been applied in a consistent manner.

2.2. Basis of consolidation

Fluxys Belgium group's consolidated financial statements have been prepared in accordance with IFRS, in particular IFRS 3 (Business Combinations), IAS 27 (Consolidated and Separate Financial Statements), IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures).

Subsidiaries (controlled by the group) are fully consolidated (IAS 27), joint ventures (jointly controlled) <u>are accounted for under the equity method (IAS 31), as are associates (over which the group has significant influence – IAS 28).</u>

Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over these policies (applicable for annual periods beginning on or after 1 July 2009).

An associate is not accounted for under the equity method if its impact on the financial statements is immaterial.

2.3. Balance sheet date

The consolidated financial statements are prepared as of 31 December, i.e. the parent entity's balance sheet date.

When the balance sheet date of a subsidiary, a joint venture or an associate does not fall on 31 December, interim financial statements are prepared as at 31 December for consolidation purposes.

2.4. Events after the balance sheet date

The carrying amount of assets and liabilities at the balance sheet date is adjusted when events after the balance sheet date provide evidence of conditions that existed at the balance sheet date.

Adjustments can be made until the date of authorization for issue of the financial statements by the Board of Directors.

Other events relating to circumstances arising after balance sheet date are disclosed in the notes to the consolidated financial statements, if significant.

2.5. Translation of foreign entities' financial statements

For consolidation purposes, the assets and liabilities of the group's foreign operations are translated into euro at the exchange closing rate at the balance sheet date. Income and expenses are translated at the average exchange rate for the period unless the exchange rate has fluctuated significantly during the year.

The group's share of the resulting exchange differences is reported as translation adjustment in the equity section of the balance sheet, whereas the non-controlling interests' share in those differences is reported as 'non-controlling interests' in equity.

2.6. Business combinations

The group accounts for all business combinations using the acquisition method. This method is also used for business combinations under joint control where this method accords with the substance of the transaction and helps to give a true and fair view of the financial position.

The acquirer measures the identifiable assets acquired and the liabilities assumed at fair value at the acquisition date.

Goodwill represents the excess, at acquisition date, of the cost of a business combination over the net fair value of identifiable assets, liabilities and contingent liabilities.

- If this difference is positive, goodwill is recognized as an asset. An impairment test is carried out each year, even when there is no indication that goodwill may have been impaired, or more frequently if events or changes in circumstances indicate that goodwill may have been impaired (IAS 36 – Impairment of Assets).
- If the difference is negative, the negative goodwill is recognized in the income statement.

2.7. Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

Intangible assets are recognized at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with a limited useful life are amortised over their useful life.

Computer software is amortised at 20% per annum.

Subsequent expenditure is capitalized if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the fiscal year. In case such indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Intangible assets are impaired when their carrying amount exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.

Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognized when their carrying amount exceeds their recoverable amount.

The useful life, the amortisation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognized as intangible assets at their acquisition cost. Rights granted free of charge are recognized as intangible assets at a nil book value.

The emission of greenhouse gases in the atmosphere is recognized as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned (other debts). This expense is measured by reference to the weighted average cost of the acquired or granted allowances.

This liability is derecognized on the delivery of allowances to the government by withdrawing emission rights from intangible assets.

In case the allowances are insufficient to cover the emission of greenhouse gases during the fiscal year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.

The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

2.8. Property, plant and equipment

Property, plant and equipment (PPE) is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

PPE is recognized at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalized if it generates economic benefits exceeding the initial standard of performance.

PPE is reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In the event that such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards included in the ownership of an asset to the lessee. Assets held under these contracts are recognized at the lower of their fair value and the present value of the minimum lease payments under the lease contracts. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability for each period.

Capital subsidies and tax deductions for investment

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.

The tax benefit arising from the deductions for investment reduces the gross value of the related assets, the counterpart being deferred taxes.

Depreciation methods

PPE is depreciated over its useful life.

Each significant component of PPE is recognized separately and depreciated over its useful life.

The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset.

The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately reflects the rate at which the group expects to consume the future economic benefits of these assets.

The main useful lives are as follows:

- 50 years for pipelines related to transmission in Belgium, terminalling facilities and tanks,
- 50 years for administrative buildings, staff housing and facilities,
- 40 years for storage facilities,
- 33 years for industrial buildings,
- 20 years for investments related to the extension of the Zeebrugge LNG terminal,
- 10 years for equipment and furniture,
- 5 years for vehicles and site machinery,
- 4 years for computer hardware,
- 3 years for prototypes,
- 10 to 40 years for other installations.

The useful life, the depreciation method and the potential residual value of PPE are reassessed at each balance sheet date and revised prospectively, if applicable.

2.9. Unconsolidated investments (such as shares and equity rights)

Unconsolidated equity investments are recognized at fair value or at cost if their fair value cannot be reliably established.

Changes in fair value are recognized directly in other comprehensive income until the asset is derecognized, at which time the cumulative amount in other comprehensive income is transferred from equity to the income statement.

In case of objective indications of impairment of unconsolidated equity investments, an impairment test is carried out, and, if necessary, an impairment loss is directly recognized in the income statement.

2.10. Finance lease receivables

Assets under finance lease are assets for which the group transfers substantially all risks and rewards related to the economic ownership to the lessee. Assets leased under such contracts are recognized on the balance sheet as receivables in an amount equal to the net investment in the lease contract in question. Lease payments are apportioned between financial income and a reduction of the lease receivable so as to achieve a constant rate of return on the net investment by the group in the finance lease contract.

When the classification of contracts under finance lease is based on the present value of the minimum lease payments, the following criteria is adopted: a contract is considered as finance lease if the present value of the minimum lease payments amounts to at least 90% of the fair value of the leased asset at the inception of the lease contract.

No residual value is assumed for gas transmission assets in Belgium, due to the specific nature of the activities concerned.

2.11. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value. Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

These write-offs on inventories are recognized in the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs.

When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognized as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognized immediately as an expense in the income statement.

2.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, inventories, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale.

The amount of the borrowing costs to be capitalized is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

2.13. Financial instruments

Investments

Investments in financial instruments with a maturity date exceeding three months at their acquisition date are reported as financial assets at fair value with changes to the income statement.

Changes in the fair value of these financial assets are directly recognized in the income statement.

Derivative instruments not designated as hedging instruments

Fluxys Belgium group may use derivative financial instruments to hedge its exposure to exchange and interest rate risks.

Certain financial instruments, although hedging clearly defined risks, do not meet the strict criteria for the application of hedge accounting under IAS 39 – Financial Instruments: Recognition and Measurement.

Changes in the fair value of these financial instruments are directly recognized in the income statement.

2.14. Cash and cash equivalents

Cash and cash equivalents include marketable securities, short-term bank deposits and deposits readily convertible to a known cash amount, which are subject to an insignificant risk of changes in value (maximum of three months).

Cash equivalents are reported at fair value with changes to the income statement. Changes in the fair value of these financial assets are directly recognized in the income statement.

2.15. Trade and other receivables

Trade and other receivables are stated at their nominal value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognized when the carrying value of these items at balance sheet date exceeds their recoverable amount.

2.16. Provisions

Provisions are recognized as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from past events, and
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits, and
- the amount of the obligation can be reliably estimated.

No provision is recognized if the above conditions are not met.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to need to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognized, management considers that the probability of an outflow of resources exceeds 50%.

When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.

All risks incurred by the group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes to the consolidated financial statements.

Provisions for pension benefits and other collective agreements

Some group entities have established supplementary defined benefit and defined contribution pension plans; benefits provided under these plans are based on the number of years of service and the final pay.

‘Defined benefit’ pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

‘Defined contribution’ pension plans provide employees with a capital sum accumulated from personal and employer contributions.

In case of death before retirement, both plans provide a capital sum for the surviving spouse, as well as allowances for orphans.

Valuation

Pension plans are valued annually by a qualified actuary.

Regular payments made in relation to the supplementary pension plans are recognized as expenses at the time they are incurred.

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee benefits), using the projected unit credit method.

Actuarial gains and losses relating to post-employment benefits

Actuarial gains and losses arising on the measurement of the unfunded defined benefit obligation are not charged or credited to the income statement. They are recognized directly in equity as other comprehensive income.

2.17. Interest-bearing liabilities

Interest-bearing liabilities are recognized at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at amortised cost. The difference between the amortised cost and the redemption value is recognized in the income statement under the effective interest rate method over the term of the liabilities.

2.18. Trade payables

Trade payables are stated at nominal value.

When the time value of money is significant, trade payables are discounted.

2.19. Foreign currency assets, rights, borrowings and commitments

Recognition at the date of the transaction

Foreign currency receivables and payables are measured at the exchange rate prevailing at the transaction date.

Measurement at balance sheet date

At balance sheet date, in accordance with IAS 21 (Effects of Changes in Foreign Exchange Rates), monetary assets and liabilities, as well as rights and commitments, are translated at the closing rate.

The resulting foreign currency transaction gains and losses are recognized in the income statement.

2.20. Revenue recognition

Revenue is measured at the fair value of the consideration received or to be received, in case revenue is deemed to belong to the entity and the fair value can be measured reliably.

Regulated revenues received by the group may generate a gain or a loss compared to the target rate of return on the capital invested. Gains are recognized as regulatory liabilities (current or non-current) on the balance sheet, whereas losses are deferred as regulatory assets (current or non-current) on the balance sheet.

2.21. Income taxes

Current tax liabilities are determined in accordance with local tax regulations and are calculated on the income of the parent entity and its subsidiaries, and the share of the income of the joint ventures.

Deferred tax liabilities and assets reflect the future taxable and deductible temporary differences, respectively, between the accounting base and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the enacted or substantially enacted income tax rate applicable to the financial year in which the underlying asset is expected to be realized or the underlying liability settled.

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

Note 3. Acquisitions, disposals and restructuring

Changes in the consolidation scope

The consolidation scope and percentage interests in consolidated entities changed as follows in 2013:

Sale of Fluxys & Co

At the end of the 2012 fiscal year, the group decided to sell the subsidiary Fluxys & Co. The assets and liabilities of this entity consisted of a 49% stake in the Norwegian partnership Patrederiet BW Gas Fluxys DA, which owns BW GDF Suez LNG Boston and the financial instruments related thereto. For this reason these assets and liabilities were transferred on 31 December 2012 to “Assets held for sale” and “Liabilities related to assets held for sale”.

Since LNG shipping is not a core business of the group, Fluxys Belgium exercised the put option in respect of GDF Suez. On 18 January 2013 the entity Fluxys & Co was sold for an amount of €70 million. The contribution of this entity to the net result of the 2012 fiscal year amounted to €3.6 million. The result of this entity was part of the segment “Other activities” in the segment information.

Information on investments

Fully consolidated entities

Name of the subsidiary	Registered office	Entity number	% ownership	Core business	Currency	Closing date
FLUXYS LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	100.00%	LNG terminalling	EUR	31 December
FLUX RE SA	Rue de Merl 74 L - 2146 Luxembourg	-	100.00%	Reinsurance entity	EUR	31 December

Note 4. Operating revenue

Analysis of revenue by business segment:

Operating revenue				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Transmission in Belgium	4.1	478,138	470,643	7,495
Storage in Belgium	4.1	29,218	35,803	-6,585
Terminalling in Belgium	4.1	95,105	88,918	6,187
Other revenue	4.2	17,613	30,942	-13,329
Total		**620,074**	**626,306**	**-6,232**

Operating revenue in the fiscal year 2013 amounted to €620,074 thousand, compared with €626,306 thousand in the fiscal year 2012, a decrease of €6,232 thousand.

Transmission, storage and terminalling services in Belgium are subject to the Gas Act.

This revenue aims to ensure a sufficient return on capital invested and to cover the operating charges related to these services, depreciation and amortisation as well as the non-depreciated portion in the tariffs within the decommissioned Regulated Asset Base. However, recovery of the latter is limited to the amount of the investments during the fiscal year.

4.1. Revenue from transmission activities rose by €7,495 thousand compared with the previous fiscal year, mainly due to increased sales of gas required for grid balancing. The revenue from sold capacity underwent a limited decline thanks to the commercial efforts made with a view to short-term capacity sales.

Revenue from storage activities fell due to the failure to sell all capacity in a highly competitive market context.

Revenue from LNG terminalling activities increased as a consequence of the increase in operating costs required for these activities.

Lastly, the regulated turnover from all of these services was influenced negatively by the impact of the decline in the rates of Belgian government bonds (OLOs) on the tariff settlements.

The group would like to point out that the regulated tariffs applied are among the most competitive in Europe.

4.2 Other revenue relates mainly to work and services for third parties and the provision of facilities.

Turnover from the group's interest in the LNG tanker, which was taken out of the consolidation scope in 2013, amounted to €11,322 thousand in 2012.

The new tariffs linked to the extension of a contract for the provision of facilities account for the remainder of the change to this revenue.

Note 5. Other operating income

Other operating income			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Other operating income	21,380	26,744	-5,364

Other operating income mainly comprises various recoveries from insurance entities and other debtors and income earned from making entity property or personnel available to third parties.

This item contains the contribution of the insurance entities covering a part of the compensations paid to the victims of the Ghislenghien accident, which was greater in 2012 than in 2013.

The balance of the change in the other operating income compared with the previous year is caused by the gains realized on the sale of fixed assets, the recovery of costs associated with the decommissioning of the Dudzele peak-shaving plant and the grant received to cover study costs for the second jetty project at the Zeebrugge LNG terminal.

Note 6. Operating expenses

Operating expenses excluding net amortisation, depreciation and provisions				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Consumables, merchandise and supplies used	6.1	-71,030	-44,365	-26,665
Miscellaneous goods and services	6.2	-155,977	-168,609	12,632
Employee expenses	6.3	-125,341	-125,368	27
Other operating expenses	6.4	-9,882	-7,720	-2,162
Total operating expenses		**-362,230**	**-346,062**	**-16,168**
Of which costs related to lease agreements		-12,710	-12,681	-29

6.1. Raw materials and consumables used

Operating expenses are incurred in relation to purchases of natural gas necessary for balancing activities on the gas network as well as the gas consumed by the group, particularly in the compression stations.

Operating expenses also include costs for transport material taken out of maintenance stock and repair projects and costs for work carried out on behalf of third parties.

The change in this section is mainly due to the costs associated with the aforementioned purchase of gas.

6.2. Services and other goods

Miscellaneous goods and services comprise purchase of equipment, rent and rental charges (see Note 32.5), maintenance and repair expenses, goods and services supplied to the entity, third party remuneration, royalties and contributions, non-personnel related insurance costs, transport and travel expenses, telecommunication costs, publication and information costs and, finally, temporary and support staff expenses.

The change in miscellaneous goods and services is mainly caused by the compensations paid to the victims of the Ghislenghien accident, the bulk of which was paid in 2012.

The remuneration paid to Deloitte in its capacity as the group's statutory auditor totalled €152,320. In addition, Deloitte performed other tasks for which it was paid a total of €10,550.

6.3. Employee expenses

The group's total average headcount rose slightly from 1,074 in 2012 to 1,078 in 2013. In FTE (full-time equivalents), the average in 2013 was 1,052.1 compared to 1,050.4 in 2012.

Workforce

	Fiscal year		Previous fiscal year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average headcount	**1,078**	**1,052.1**	**1,074**	**1,050.4**
Fluxys Belgium	**1,036**	**1,010.9**	**1,031**	**1,008.1**
Executives	319	313.5	314	308.8
Employees	717	697.4	717	699.3
Fluxys LNG	**41**	**40.7**	**42**	**41.8**
Executives	2	2.0	2	2.0
Employees	39	38.7	40	39.8
Flux Re	**1**	**0.5**	**1**	**0.5**

Headcount at balance sheet date	**1,059**	**1,033.1**	**1,091**	**1,065.8**
Fluxys Belgium	**1,018**	**992.6**	**1,051**	**1,026.3**
Executives	310	304.7	326	320.3
Employees	708	687.9	725	706.0
Fluxys LNG	**40**	**40.0**	**39**	**39.0**
Executives	2	2.0	2	2.0
Employees	38	38.0	37	37.0
Flux Re	**1**	**0.5**	**1**	**0.5**

6.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposal of PPE. The latter represented an expense of €3,439 thousand in 2013, compared to €1,589 thousand in 2012.

Net depreciation, amortisation, impairment losses and provisions				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Depreciation and amortisation	6.5	**-142,220**	**-142,830**	**610**
Intangible assets		-8,281	-8,894	613
Property, plant and equipment		-133,939	-133,936	-3
Impairment losses		**-1,535**	**-811**	**-724**
Inventories		-1,535	703	-2,238
Trade receivables		0	-1,514	1,514
Provisions for liabilities and charges	6.6	**19,732**	**23,395**	**-3,663**
Total depreciation, amortisation, impairment losses and provisions		**-124,023**	**-120,246**	**-3,777**

6.5. Depreciation and amortisation

The depreciation of tangible assets increased due to the commissioning of new investments, primarily at the Berneau compression station and the Loenhout storage facility, an increase offset by the effect of the removal of the LNG ship from the consolidation scope.

6.6. Provisions for liabilities and charges

In 2013, provisions related to the environment and the reinstatement of sites were used for €6 million and written back for €8.1 million. The latter was due to the decrease in the cost for the decommissioning of the peak shaving site in Dudzele. This provision reversal had no impact on the results for the period because it was factored into the tariff settlement and was accordingly deducted from the regulated receivables of the storage activity (see Notes 18 and 26).

The remainder of the provisions used in 2013 relate mainly to provisions for employee benefits.

Note 7. Financial income

Financial income				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Financial income from lease contracts	7.1	185	324	-139
Interest income on marketable securities, cash and cash equivalents and interest rate swaps	7.2	2,179	4,969	-2,790
Other financial income		21	526	-505
Total		**2,385**	**5,819**	**-3,434**

7.1. Financial income from lease contracts related to the Interconnector Zeebrugge Terminal (IZT) installations.

7.2. The decline in interest income on marketable securities, cash and cash equivalents is mainly the result of a combined effect of a decline in the cash volume (down €79.6 million) and a fall in the average return (down 11 basis points).

This fall in return reflects changes in market interest rates from 1 January to 31 December 2013.

Note 8. Finance costs and change in the fair value of financial instruments

Finance costs				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Borrowing interest costs	8.1	-52,594	-51,917	-677
Unwinding of discounts	8.2	-657	-3,712	3,055
Other financial expenses		-75	-193	118
Total		**-53,326**	**-55,822**	**2,496**

8.1. Borrowing interest costs primarily include interest on the RTR finance lease contract, the loans from the European Investment Bank, the long-term debenture and regulatory liabilities.

The issue of a long-term debenture for an amount of €350 million in April 2012 explains the increase in financial expenses.

8.2. The unwinding of discounted amounts has fallen slightly. This change is analysed in Note 26 Provisions and Note 27 Provisions for employee benefits. The effects of the amendments to IAS 19 Employee Benefits are discussed in Note 1d.

Change in the fair value of financial instruments				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Use and change in the fair value of financial instruments	8.3	1,146	3,400	-2,254
Total		**1,146**	**3,400**	**-2,254**

8.3. This item in 2012 showed the cost incurred in connection with the use – and change in the fair value – of instruments used for hedging the group's currency risk (USD) for its LNG carrier revenue and call/put options relating to the entity Fluxys & Co, which left the consolidation scope in January 2013 (see Note 3).

This item in 2013 mainly shows the cost incurred in connection with the instruments for hedging interest rate risks (interest rate swaps) used as part of the RTR finance lease contract.

Note 9. Income tax expense

Income tax expense is analysed as follows:

Income tax expense				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Current tax		-54,280	-63,721	9,441
Deferred tax		17,492	12,027	5,465
Total	9.1	**-36,788**	**-51,694**	**14,906**

9.1. Income tax expense decreased by €14,906 thousand compared with 2012. This change is explained as follows:

Current tax				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Income tax on the profit of the period		**-54,772**	**-61,402**	**6,630**
Taxes and withholding taxes due or paid		-50,395	-51,041	646
Excess of payment of taxes and withholding taxes included in assets		0	0	0
Estimated additional tax included in liabilities		-4,377	-10,361	5,984
Adjustments to previous years' taxes		**492**	**-2,319**	**2,811**
Total	9.2	**-54,280**	**-63,721**	**9,441**

9.2. Current income tax for the fiscal year decreased by €6,630 thousand compared with the previous year. This change was mainly due to the change in the tax base under local standards. Current taxes of previous years contained, in 2012, a non-recurrent cost in relation to the entity Fluxys & Co.

Deferred tax				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Relating to origination or reversal of temporary differences		**17,492**	**12,536**	**4,956**
Differences arising from the valuation of non-current assets	9.3	18,195	18,678	-483
Differences arising from provisions	9.3	-791	-5,372	4,581
Others	9.3	88	-770	858
Relating to tax rate changes or to new taxes		**0**	**-509**	**509**
Relating to changes in accounting policies and errors		**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders		**0**	**0**	**0**
Total		**17,492**	**12,027**	**5,465**

9.3. Deferred tax is primarily influenced by the difference between the carrying amount and the tax base of property, plant and equipment and intangible assets.

The uses and reversals of provisions under local standards which are not accepted by IFRS account for the changes in differences arising from provisions.

The change in the item 'Others' relates largely to the effect of the financial instruments associated with the entity Fluxys & Co, which left the consolidation scope in January 2013.

Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Expected income tax based on applicable tax rate – Fiscal year	**-35,827**	**-47,633**	**11,806**
Profit before taxes	105,406	140,139	-34,733
Applicable tax rate	33.99%	33.99%	0.00%
Reconciling items	**-1,453**	**-1,233**	**-220**
Income tax rate differences between jurisdictions	430	537	-107
Tax-exempt income	0	0	0
Non-deductible expenses	-2,193	-2,094	-99
Taxable dividend income	-391	-447	56
Deductible notional interest cost	701	771	-70
Others	0	0	0
Income tax as per effective average tax rate – Fiscal year	**-37,280**	**-48,866**	**11,586**
Profit before taxes	105,406	140,139	-34,733
Average effective tax rate	35.37%	34.87%	0.50%
Taxes on tax-exempt reserves	**0**	**0**	**0**
Adjustments to previous years' taxes	**492**	**-2,828**	**3,320**
Total income tax expense	**-36,788**	**-51,694**	**14,906**

The average effective tax rate for 2013 amounted to 35.37% compared with 34.87% the previous year.

Note 10. Net profit for the period

Net profit for the period			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Non-controlling interests	0	0	0
Fluxys share	68,618	88,445	-19,827
Total net profit for the period	**68,618**	**88,445**	**-19,827**

The consolidated net profit for the fiscal year amounted to €68,618 thousand, a decrease of €19,827 thousand compared with 2012.

The net result of the regulated activities is mainly determined by the invested equity, financial structure and interest rates (Belgian government bonds (OLOs)).

The decrease in profit is mainly due to the following items:

- The interest rates used as reference to calculate the authorized return on the regulated assets are those of the ten-year Belgian government bonds issued by the Belgian State (OLOs). These interest rates have been at historic lows for the last two years. The average rate for 2013 was 2.43%, compared with an average of 2.98% for 2012. This resulted in a drop of €8.4 million in the regulated net profit, with all other aspects remaining unchanged.
- The €421.6 million pay-out of available reserves carried out by Fluxys Belgium on 15 May 2012 enabled the Group to shift towards a financial structure that is more in line with the Belgian regulatory framework (1/3 in equity and 2/3 in liabilities). The decrease in equity caused by this pay-out automatically reduced the authorised level of net profit by €6.3 million, in comparison with 2012. Had this pay-out of available reserves not taken place, net profit for 2013 would have been higher, but the return obtained on equity would have been lower.
- The establishment of the tariff settlements for preceding years had an additional negative impact of €2.2 million on net profit, compared with the preceding year.
- Finally, the entity Fluxys & Co was sold on 18 January 2013 for a sum of €70 million. Its contribution to 2012 net profit was €3.6 million.

Note 11. Earnings per share

Numerator (in thousands of €)	31-12-2013	31-12-2012 restated
Net profit from continuing operations attributable to the parent entity's shareholders	**68,618**	**88,445**
Net profit	68,618	88,445
Impact of dilutive instruments		
Diluted net profit from continuing operations attributable to the parent entity's shareholders	**68,618**	**88,445**
Net profit / loss from discontinued operations attributable to the parent entity's shareholders	0	0
Net profit	0	0
Impact of dilutive instruments	0	0
Diluted net profit from discontinued operations attributable to the parent entity's shareholders	**0**	**0**
Net profit per attributable to the parent entity's shareholders	**68,618**	**88,445**
Net profit	68,618	88,445
Impact of dilutive instruments	0	0
Diluted net profit per attributable to the parent entity's shareholders	**68,618**	**88,445**

Denominator (in units)	31-12-2013	31-12-2012 restated
Average number of outstanding shares	**70,263,501**	**70,263,501**
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	**70,263,501**	**70,263,501**

Profit per share (in €)	31-12-2013	31-12-2012 restated
Basic earnings per share from continuing operations attributable to the parent entity's shareholders	0.9766	1.2588
Diluted earnings per share from continuing operations attributable to the parent entity's shareholders	0.9766	1.2588
Basic earnings per share from discontinued operations attributable to the parent entity's shareholders	0.0000	0.0000
Diluted earnings per share from discontinued operations attributable to the parent entity's shareholders	0.0000	0.0000
Basic earnings per share attributable to the parent entity's shareholders	0.9766	1.2588
Net diluted earnings per share attributable to the parent entity's shareholders	0.9766	1.2588

Note 12. Property, plant and equipment

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks *	Gas storage facilities *
Gross carrying amount				
At 31-12-2011	**40,265**	**132,443**	**3,144,956**	**294,105**
Additions	1,928	625	30,149	11,108
Government grants	0	0	-3,695	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-181	-330	-17,269	-2,646
Internal transfers	0	172	58,393	78,578
Changes in consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2012	**42,012**	**132,910**	**3,212,534**	**381,145**
Additions	825	313	44,839	3,227
Government grants	0	0	-557	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-761	-188	-16,479	-3,589
Internal transfers	9	6,682	-2,681	431
Changes in consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2013	**42,085**	**139,717**	**3,237,656**	**381,214**

** subject to the Gas Act*

						In thousands of €
	LNG terminal *	Ship	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
	1,000,840	**100,443**	**45,523**	**41,318**	**221,926**	**5,021,819**
	463	1,365	36	3,415	57,285	106,374
	0	0	0	0	0	-3,695
	0	0	0	0	0	0
	0	0	-2,559	-1,584	-40	-24,609
	0	0	0	0	-137,143	0
	0	-101,808	0	0	0	-101,808
	0	0	0	0	0	0
	1,001,303	**0**	**43,000**	**43,149**	**142,028**	**4,998,081**
	8,412	0	141	4,835	38,067	100,659
	0	0	0	0	0	-557
	0	0	0	0	0	0
	0	0	-22	-138	-764	-21,941
	31,999	0	63	0	-36,503	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	1,041,714	**0**	**43,182**	**47,846**	**142,828**	**5,076,242**

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks *	Gas storage facilities *
Depreciation and impairment losses				
At 31-12-2011	0	-64,146	-1,533,704	-163,536
Depreciation	0	-4,810	-94,497	-9,333
Depreciation on subsidies received	0	0	2,894	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	0	97	17,261	1,321
Internal transfers	0	0	0	0
Changes in consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2012	0	-68,859	-1,608,046	-171,548
Depreciation	0	-4,964	-95,515	-10,950
Depreciation on subsidies received	0	0	4,347	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	0	162	14,340	1,909
Internal transfers	0	-137	137	0
Changes in the consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2013	0	-73,798	-1,684,737	-180,589
Net carrying amount at 31-12-2013	42,085	65,919	1,552,919	200,625
Net carrying amount at 31-12-2012	42,012	64,051	1,604,488	209,597

* *subject to the Gas Act*

In thousands of €

LNG terminal *	Ship	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-640,015	**-19,998**	**-45,115**	**-26,457**	**0**	**-2,492,971**
-21,929	-2,558	-106	-3,597	0	-136,830
0	0	0	0	0	2,894
0	0	0	0	0	0
0	0	2,558	1,581	0	22,818
0	0	0	0	0	0
0	22,556	0	0	0	22,556
0	0	0	0	0	0
-661,944	**0**	**-42,663**	**-28,473**	**0**	**-2,581,533**
-22,984	0	-97	-3,776	0	-138,286
0	0	0	0	0	4,347
0	0	0	0	0	0
0	0	1	133	0	16,545
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
-684,928	**0**	**-42,759**	**-32,116**	**0**	**-2,698,927**
356,786	**0**	**423**	**15,730**	**142,828**	**2,377,315**
339,359	**0**	**337**	**14,676**	**142,028**	**2,416,548**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Net carrying amount at 31-12-2013, including:	42,085	65,919	1,552,919	200,625
At cost	42,085	65,919	1,552,919	200,625
At revaluation	0	0	0	0
Net carrying amount at 31-12-2013 of assets held under finance leases	0	79	16,613	0
Supplementary information				
Net carrying amount of assets temporarily retired from active use	110	0	0	0

* *equipment subject to the Gas Act*

'Property, plant and equipment' mainly comprises the group's transmission, storage (Loenhout) and terminalling (Zeebrugge) facilities. The interest held by Fluxys & Co in the LNG ship was reclassified under assets held for sale at the end of 2012 and sold in January 2013 (see Note 3).

In 2013, Fluxys Belgium group made investments of €100,659 thousand, of which the main items are the following:

- transmission facilities (€57,155 thousand),
- storage facilities at Loenhout (€3,877 thousand) and
- LNG terminal facilities (€39,367 thousand), in particular for the second jetty and the re-gasing installation using seawater (Open Rack Vaporizer).

In relation to investments that are currently in progress or planned, the group has commitments under Engineering, Procurement and Construction contracts amounting to €65.9 million at 31 December 2013. During the fiscal year 2013, Fluxys Belgium obtained grants worth €557 thousand for the RTR2 investments.

Disposals of the period mainly relate to replaced or decommissioned pipelines, parts of compressor stations which had reached the end of their useful life, and the cushion gas at Loenhout.

LNG terminal *	Ship	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction and instalments paid	Total
					In thousands of €
356,786	**0**	**423**	**15,730**	**142,828**	**2,377,315**
356,786	0	423	15,730	142,828	2,377,315
0	0	0	0	0	0
0	0	0	52	0	16,744
0	0	0	0	0	110

The depreciation charge for the period amounts to €133,939 thousand and reflects the rate at which the group expects to consume the economic benefits of the assets.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 8 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs. Given the specificities of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date the group does not hold property, plant and equipment assets which have been pledged as security against liabilities.

The group emphasises that no indications existed at the balance sheet date that any item of property, plant and equipment may have been impaired.

Note 13. Intangible assets

Movements in the carrying amount of intangible assets			In thousands of €
	Software	CO_2 emission rights	Total
Gross carrying amount			
At 31-12-2011:	**51,086**	**0**	**51,086**
Additions	10,655		10,655
Acquisitions through business combinations			0
Disposals and retirements	-16,817		-16,817
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2012:	**44,924**	**0**	**44,924**
Additions	7,481		7,481
Acquisitions through business combinations			0
Disposals and retirements	-61		-61
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2013:	**52,344**	**0**	**52,344**

Movements in the carrying amount of intangible assets	Software	CO_2 emission rights	In thousands of € Total
Amortisation and impairment losses			
At 31-12-2011:	-35,823	0	-35,823
Amortisation	-8,894		-8,894
Impairment losses			0
Disposals and retirements	16,817		16,817
Translation adjustments			
Changes in consolidation scope			0
Others			0
At 31-12-2012:	-27,900	0	-27,900
Amortisation	-8,281		-8,281
Impairment losses			0
Disposals and retirements	11		11
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2013:	-36,170	0	-36,170

Movements in the carrying amount of intangible assets			In thousands of €
	Software	CO_2 emission rights	Total
Net carrying amount at 31-12-2012	17,024	0	17,024
Net carrying amount at 31-12-2013	16,174	0	16,174

Intangible assets comprise the net carrying amount of software and of emission rights.

The software included in intangible assets is investment software developed or purchased by the group. This software is amortised over 5 years on a straight-line basis. Major investments during the fiscal year concern software developed in relation to gas flow and asset management and related administrative tools.

The gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Belgium group was given free CO_2 emission rights amounting to 137,252 tonnes of CO_2 for the compression, storage, blending and terminalling activity sites in 2013. The value of the unused rights at 31 December 2013 amounted to €284 thousand, which corresponds to 43,656 tonnes of CO_2. In accordance with the accounting policies stated in Note 2, the unused emission rights granted free of charge have been recognised at nil value under intangible assets.

The group emphasises that there were no indications at the balance sheet date that any item of intangible assets may have been impaired.

Note 14. Goodwill

The Fluxys Belgium group had no goodwill at the balance sheet date.

Note 15. Investments in associates

The Fluxys Belgium group had no investments in associates at the balance sheet date.

Note 16. Other financial assets

Other financial assets			In thousands of €
	Note	31-12-2013	31-12-2012 restated
Shares at cost	16.1	24	24
Other financial assets at cost	16.2	91	3,938
Total		**115**	**3,962**

16.1. Movement in other financial assets – Shares at cost		In thousands of €
	31-12-2013	31-12-2012 restated
Opening balance	**24**	**0**
Gross amount	24	0
Uncalled amounts	0	0
Accumulated impairment losses	0	0
Acquisitions	0	24
Disposals	0	0
Change in ownership percentage	0	0
Translation adjustments	0	0
Capital increases	0	0
Other	0	0
Closing balance	**24**	**24**
Gross amount	24	24
Uncalled amounts	0	0
Accumulated impairment losses	0	0

The shares at cost concern the stake acquired by Fluxys Belgium in the entity Prisma European Capacity Platform incorporated by the main operators of the European transmission systems.

16.2. Movement in other financial assets – other assets at cost		In thousands of €
	31-12-2013	31-12-2012 restated
Opening balance	**3,938**	**42**
Gross amount	3,938	42
Accumulated impairment losses	0	0
Additions	21	3,896
Repayments	-3,868	0
Translation adjustments	0	0
Others	0	0
Closing balance	**91**	**3,938**
Gross amount	91	3,938
Accumulated impairment losses	0	0

Other assets at cost consist of guarantees paid by the group in relation to the exercise of its activities. The guarantees paid in 2012 to ICE-Endex to obtain access to the gas exchange were replaced by a bank guarantee in 2013.

Note 17. Finance lease receivables

Finance lease receivables			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Non-current receivables	19,975	22,850	-2,875
Current receivables	2,874	2,453	421
Total	**22,849**	**25,303**	**-2,454**

Finance lease receivables include the contract relating to the Interconnector Zeebrugge Terminal (IZT): in accordance with IAS 17, the lease contract signed with IZT SCRL for IZT has been accounted for as a finance lease. The contract, which took effect in 1998, has a minimum term of 20 years, at the end of which the lessee can exercise a purchase option. A variable interest rate (based on Euribor) is applied to this receivable.

Maturity of finance lease receivables at 31-12-2013				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Finance lease receivables	2,874	19,975	0	22,849
Total	**2,874**	**19,975**	**0**	**22,849**
Finance lease receivables :				
Present value of minimum lease payments at market rate	3,068	20,590	0	23,658
Total minimum lease payments (A)	3,068	20,590	0	23,658
Interest (B)	194	615	0	809
Total finance lease receivables (A-B)	2,874	19,975	0	22,849

Maturity of finance lease receivables at 31-12-2012 restated				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Finance lease receivables	2,453	15,627	7,223	25,303
Total	**2,453**	**15,627**	**7,223**	**25,303**
Finance lease receivables :				
Present value of minimum lease payments at market rate	2,640	16,297	7,319	26,256
Total minimum lease payments (A)	2,640	16,297	7,319	26,256
Interest (B)	187	670	96	953
Total finance lease receivables (A-B)	2,453	15,627	7,223	25,303

The total value of minimum lease payments corresponds to the best estimate, at the balance sheet date, of the lease payments to be received regardless of whether they relate to the capital to be received (finance lease receivables), interest to be received (interest), or the purchase option (finance lease receivables). These payments are discounted at market rate so as to obtain the present value of the minimum lease payments.

Note 18. Non-current loans and receivables

Non-current loans and receivables				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Regulatory assets	18.1	18,098	32,241	-14,143
Total		**18,098**	**32,241**	**-14,143**

18.1. This item includes the regulatory receivable that arose in 2010 following the closure of the peak-shaving plant at Dudzele. The reduction in regulatory receivables in 2013 is mainly due to the provision reversal associated with the decrease in the estimated cost for the decommissioning of the above-mentioned plant (see Note 6.6), the gain realised on the sale of part of the cushion gas as well as the change realised on the fair margin, linked to the reduction in interest rates (OLO).

Maturity of non-current loans and receivables at 31-12-2013			In thousands of €
	Between one and five years	Over five years	Total
Regulatory assets	18,098	0	18,098
Total	**18,098**	**0**	**18,098**

Note 19. Inventories

Carrying amount of inventories			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Supplies and consumables	**34,967**	**38,924**	**-3,957**
Gross carrying amount	41,733	44,155	-2,422
Impairment	-6,766	-5,231	-1,535
Goods held for resale	**11,283**	**12,162**	**-879**
Gross carrying amount	11,283	12,162	-879
Impairment	0	0	0
Contracts in progress	**491**	**122**	**369**
Gross carrying amount	491	122	369
Impairment	0	0	0
Total	**46,741**	**51,208**	**-4,467**

Inventories of materials connected to the transmission network declined due to their use in projects implemented in 2013. An additional impairment was recorded at the end of the fiscal year on materials with little prospect of being used in the medium term.

Inventories – Impact of movements on net profit			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Inventories – purchased or used	-2,932	7,170	-10,102
Impairment	-1,535	703	-2,238
Total	**-4,467**	**7,873**	**-12,340**

Note 20. Current tax receivable

Current tax receivable				In thousands of €
			31-12-2012	
	Note	31-12-2013	restated	Change
Recoverable income taxes		1,064	1.064	0
Total		**1,064**	**1,064**	**0**

Note 21. Trade and other receivables

Trade and other receivables				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Gross trade receivables		62,708	47,931	14,777
Impairment		-1,513	-1,515	2
Net trade receivables	21.1	**61,195**	**46,416**	**14,779**
Other receivables	21.2	5,108	4,099	1,009
Total		**66,303**	**50,515**	**15,788**

21.1 Fluxys Belgium group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers (payment within 30 days), a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables according to ageing			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Receivables not yet due	59,208	45,890	13,318
Receivables < 3 months	1,987	519	1,468
Receivables 3 - 6 months	0	7	-7
Receivables > 6 months	0	0	0
Disputed or doubtful receivables	0	0	0
Total	**61,195**	**46,416**	**14,779**

The increase in trade receivables at 31 December 2013 is related to invoices issued in late December 2013 and paid in early 2014 as well as non-recurring amounts to be invoiced in connection with investment projects.

Disputed or doubtful receivables mainly concern grid users. These receivables were subject to impairment amounting to 100%.

21.2 'Other receivables' consist mainly of miscellaneous receivables such as recoverable withholding taxes and VAT, which totalled more at the end of 2013 than at the end of 2012.

Note 22. Short-term investments, cash and cash equivalents

Current investments are investments with a maturity of more than three months in bonds, commercial paper and bank deposits.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, deposits made with Fluxys Finance (cash pooling), term deposits at financial institutions, bank balances and cash in hand.

Short-term investments, cash and cash equivalents			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Short-term investments	**143,738**	**48,541**	**95,197**
Cash and cash equivalents	**130,758**	**213,480**	**-82,722**
Cash equivalents and cash pooling	119,549	210,608	-91,059
Short-term deposits	1,200	990	210
Bank balances	10,002	1,876	8,126
Cash in hand	7	6	1
Total	**274,496**	**262,021**	**12,475**

In 2013, the average rate of return on short-term investments, cash and cash equivalents was 0.72%, compared to 0.83% in 2012. The average capital invested amounted to €378.3 million in 2012 and fell in 2013 to €298.7 million. The average capital invested in 2012 was influenced by the available reserves distributed in May by Fluxys Belgium.

Note 23. Other current assets

Other current assets				In thousands of €
	Note	31-12-2013	31-12-2012 restated	Change
Accrued income		437	1,117	-680
Deferred charges	23.1	15,420	4,037	11,383
Other current assets	23.2	1,132	0	1,132
Total		**16,989**	**5,154**	**11,835**

Other current assets mainly comprise prepaid expenses amounting to €15,420 thousand (insurance, fees, rent, etc.) as well as various items of accrued income.

23.1 The increase in deferred charges is linked to the volume of invoices received in December relating to the next financial year.

23.2 Other current assets include, in 2013, the short-term share of the plan asset surpluses compared with the actuarial debt relating to the group's pension commitments (see Note 27).

Note 24. Equity

Equity amounted to €790,852 thousand at 31 December 2013. The €37,210 thousand decrease since the previous year is due to the 2013 dividend payout (-€112,422 thousand), a decrease partially offset by the overall result for the period (+€75,212 thousand).

Note on parent entity shareholding	Ordinary shares	Preferrenced shares	Total
I. Movements in number of shares			
1. Number of shares, beginning balance	70,263,501	0	**70,263,501**
2. Number of shares issued			**0**
3. Number of ordinary shares cancelled or reduced (-)			**0**
4. Number of preferrenced shares redeemed, converted or reduced (-)			**0**
5. Other increase (/ decrease)			**0**
6. Number of shares, ending balance	70,263,501	0	**70,263,501**
II. Other information			
1. Par value of shares	Par value not specified		
2. Number of shares owned by the entity	0	0	**0**
3. Interim dividends during the fiscal year			**0**

The share capital of Fluxys Belgium SA is represented by 70,263,501 shares with no par value, divided into two categories, in addition to the specific share.

Shares in category B are and remain registered. They are held by long-term shareholders.

Category D shares are registered, dematerialised or bearer shares and are mainly held by the general public.

The Belgian State owns one specific registered share, namely share no. 1, which does not belong to any of the above categories and shall be referred to hereinafter as the ‘specific share’. In accordance with the Fluxys Belgium articles of association, this ‘specific share’ carries specific rights. These specific rights remain attached to this share in addition to the common rights attached to the ordinary shares of Fluxys Belgium (former Distrigas), as long as this share is owned by the Belgian State, as established in Articles 3 to 5 of the Royal Decree of 16 June 1994. These specific rights are exercised by the Federal Minister responsible for energy. In addition to these specific rights this ‘specific share’ also entitles to receive 100 times the dividend or any other distribution by the entity to its shareholders, than the ones attached to the category B or D shares.

Note 25. Interest-bearing borrowings

Non-current interest-bearing borrowings				In thousands of €
	Note	31-12-2013	31-12-2012	Change
Finance leases	25.1	19,699	33,866	-14,167
Debentures	25.2	699,076	698,782	294
Other borrowings	25.3	411,500	434,000	-22,500
Other liabilities	25.4	373,483	291,445	82,038
Total		**1,503,758**	**1,458,093**	**45,665**
Of which debts guaranteed by the public authorities or by actual sureties		0	0	0

Current interest-bearing borrowings				In thousands of €
	Note	31-12-2013	31-12-2012	Change
Finance leases	25.1	14,167	13,818	349
Debentures	25.2	10,170	10,237	-67
Other borrowings	25.3	27,668	13,813	13,855
Other liabilities	25.4	32,321	53,261	-20,940
Total		**84,326**	**91,129**	**-6,803**
Of which debts guaranteed by the public authorities or by actual sureties		0	0	0

25.1. At 31 December 2013, Finance lease payables include the contract Zeebrugge-Zelzate/Eynatten (RTR) border-to-border transmission facilities. In accordance with IAS 17, the lease contract signed with GIE Finpipe in relation to RTR facilities is accounted for as finance lease. The RTR contract has a 17-year term that expires in 2015. When this contract expires, Fluxys Belgium will be entitled to exercise its purchase options on these facilities.

25.2. In December 2009 and April 2012, Fluxys Belgium issued bonds with a value of €350 million, providing a gross annual coupon of respectively 4.125% and 4.25%. They are eligible for trading on the regulated Euronext Brussels market. These bonds mature in 2015 and 2018 respectively.

25.3. Other borrowings include:

- a 10-year loan at a fixed annual interest rate of 4.747% contracted with the European Investment Bank (EIB) in August 2007 for the financing of the capacity enhancement at the Zeebrugge LNG terminal, whose balance was €34,000 thousand at 31 December 2013,
- a 25-year loan of €400,000 thousand at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network,
- accrued interest amounting to €5,168 thousand.

25.4. The regulatory liabilities included in 'Other liabilities' represent the positive difference between the invoiced regulated prices and the acquired regulated prices. The share of tariffs gains listed as non-current liabilities corresponds to the regulatory liabilities to be used in more than one year's time, while the gains to be used within the year are listed as current liabilities. These amounts bear interest partly at the average Euribor 1 year rate, and partly at a 10-year interest rate.

Maturity of interest-bearing borrowings at 31-12-2013				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Finance leases	14,167	19,699	0	33,866
Debentures	10,170	699,076	0	709,246
Other borrowings	27,668	105,500	306,000	439,168
Other liabilities	32,321	373,483	0	405,804
Total	**84,326**	**1,197,758**	**306,000**	**1,588,084**
Supplementary information				
Finance leases:				
Present value of minimum lease payments at market rate	15,250	19,636	0	34,886
Total minimum lease payments	15,631	20,294	0	35,925
Interests	1,464	595	0	2,059

Maturity of interest-bearing borrowings at 31-12-2012				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Finance leases	13,818	33,866	0	47,684
Debentures	10,237	349,557	349,225	709,019
Other borrowings	13,813	108,000	326,000	447,813
Other liabilities	53,261	291,445	0	344,706
Total	**91,129**	**782,868**	**675,225**	**1,549,222**
Supplementary information				
Finance leases :				
Present value of minimum lease payments at market rate	15,674	34,887	0	50,561
Total minimum lease payments	15,934	35,926	0	51,860
Interests	2,116	2,060	0	4,176

The total value of minimum lease payments corresponds to the best estimate, at the balance sheet date, of the lease payments to be paid, regardless of whether they relate to the capital to be refunded (finance leases), the interest to be paid (interest), or the purchase option (finance leases). These payments are discounted at market rate so as to obtain the present value of the minimum lease payments.

Note 26. Provisions

26.1. Provisions (excluding provisions for employee benefits)

Provisions	Litigation and claims	Environment and site restoration	Total, excluding employee benefits
			In thousands of €
Provisions at 31-12-2012 restated	**3,351**	**21,402**	**24,753**
Additions	2,235	500	2,735
Use	-703	-6,065	-6,768
Surpluses		-8,061	-8,061
Unwinding of the discount		-334	-334
Provisions at 31-12-2013 of which:	**4,883**	**7,442**	**12,325**
Non-current provisions	2,340	1,976	4,316
Current provisions	2,543	5,466	8,009

Provisions for environmental activities and the reinstatement of sites were used for €6 million and written back for €8.1 million in 2013. The latter was due to the decrease in the cost for the decommissioning of the peak shaving site in Dudzele. This provision reversal had no impact on the results for the period because it was factored into the tariff settlement and was accordingly deducted from the regulated receivables of the storage activity.

The fiscal year's additions to the provisions mainly relate to the best estimate, at the balance sheet date, of the costs associated with the Ghislenghien accident and the decommissioning of the Sinsin compression facility.

26.2. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2012 restated	**51,027**
Additions	6,781
Use	-14,420
Surpluses	0
Unwinding of the discount	4,959
Actual gains / losses recognised in profit / loss (seniority bonuses)	-354
Expected return on plan assets	-3,614
Actual gains / losses directly recognised in equity	-9,989
Transfer to assets	19,243
Provisions at 31-12-2013 of which:	**53,633**
Non-current provisions	50,130
Current provisions	3,503

The provisions for non-prefinanced employee benefits rose slightly, in particular in relation to healthcare. The defined benefit pension schemes present plan asset surpluses compared with the actuarial debt relating to the group's estimated commitments at 31 December 2013. This amount has therefore been transferred to balance-sheet assets under 'Other non-current assets' and 'Other current assets'. These surpluses are linked to actuarial gains and losses recognised during the fiscal year and the group's financing policy, which seeks to remain in line with the group's estimated actuarial debt. Details on these provisions can be found in Note 27.

26.3. Movements in the income statement and maturity of provisions

Movements in positions in the income statement can be broken down as follows:

Impact			In thousands of €
	Additions	Use and reversals	Total
Profit (loss) from continuing operations	9,516	-29,249	-19,733
Financial profit (loss)	4,271	-3,614	657
Total	**13,787**	**-32,863**	**-19,076**

Maturity of provisions at 31-12-2013				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Litigation and claims	2,543	0	2,340	4,883
Environment and site restoration	5,466	1,976	0	7,442
Subtotal	**8,009**	**1,976**	**2,340**	**12,325**
Employee benefits	3,503	17,285	32,845	53,633
Total	**11,512**	**19,261**	**35,185**	**65,958**

Maturity of provisions at 31-12-2012 restated				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Litigation and claims	1,046	0	2,305	3,351
Environment and site restoration	16,823	0	4,579	21,402
Subtotal	**17,869**	**0**	**6,884**	**24,753**
Employee benefits	3,341	13,363	34,323	51,027
Total	**21,210**	**13,363**	**41,207**	**75,780**

Discount rate

Long-term provisions are discounted based on interest rates that have changed as follows:

	31-12-2013	31-12-2012 restated
Between one and five years	1.25%	0.83%
Between six and ten years	2.42%	1.93%
Over ten years	3.05%	2.75%

Provisions for litigation and claims

These provisions have been established to cover potential litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

They also cover the estimated risks for the group with regard to accidents.

The estimate for these provisions is based on the value of claims filed or on the estimated amount of the risk exposure.

Provisions for the environment and site restoration

These provisions mainly relate to obligations for safety, clean-up and restoration of sites in the process of being shut down.

These provisions are accrued in accordance with the Belgian regional environmental legislation and the Belgian Gas Act. The obligations covered by these provisions require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 27. Provisions for employee benefits

Retrospective application of the revised standard IAS 19 resulted in the 2012 consolidated financial statements being restated for the purposes of comparison.

The detailed impacts of this are set out in Note 1d "Changes or additions to the accounting principles and policies".

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

These agreements cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999. They provide the beneficiaries with lump sum pension benefits that vary according to their final annual salary and the number of years of service upon retirement. These retirement schemes are referred to as defined benefit pension plans.

Obligations under these defined benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance entities.

Employees and employers contribute to these pension plans. The employer's contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 are covered by defined contribution pension plans. For payments made after 1 January 2004, the law requires an average annual return over the career of at least 3.25% for employer's contributions and at least 3.75% for employees' contributions, with any deficit being covered by the employer. Given the actual profitability being superior to the percentage guaranteed as a minimum, no provision has been accounted for.

Fluxys Belgium group also has early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority payments). Not all of these benefits are funded.

Financing situation for defined benefit employee benefits

In thousands of €	Pensions *		Other **	
	2013	2012	2013	2012
Present value of defined benefit obligations	-129,483	-140,802	-44,435	-43,247
Fair value of plan assets	139,528	133,022	0	0
Plan financing situation	**10,045**	**-7,780**	**-44,435**	**-43,247**
Impact on required minimum financing/effect of asset ceiling	0	0	0	0
Others	0	0	0	0
Net situation of defined benefits	**10,045**	**-7,780**	**-44,435**	**-43,247**
Of which assets	19,243	0	0	0
Of which liabilities	-9,198	-7,780	-44,435	-43,247

* Pensions also include non-prefinanced early-retirement obligations.

** The item 'Other' includes seniority bonuses as well as other post-employment benefits (reimbursement of medical expenses and tariff reductions).

Movements in the present value of defined benefit obligations

In thousands of €	Pensions *		Other**	
	2013	2012	2013	2012
At beginning of year	**-140,802**	**-137,434**	**-43,247**	**-37,525**
Service costs	-4,412	-4,052	-1,616	-1,196
Early retirement costs	328	-902	0	0
Financial expense (-) / income (+)	-3,702	-4,953	-1,257	-1,467
Participants' contributions	-295	-278	0	0
Change in demographic assumptions	-877	0	-2,886	0
Change in financial assumptions	3,533	-791	910	-4,801
Experience adjustments	6,828	0	1,726	0
Past service costs	-460	0	0	0
Benefits paid	9,743	8,655	1,745	2,029
Other	633	-1,047	190	-287
At end of year	**-129,483**	**-140,802**	**-44,435**	**-43,247**

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2013	2012	2013	2012
At beginning of year	**133,022**	**116,801**	**0**	**0**
Interest income	3,614	5,405	0	0
Return on plan assets (excluding net interest income)	285	5,288	0	0
Employer's contributions	11,814	13,013	1,749	2,029
Participants' contributions	295	278	0	0
Benefits paid	-9,502	-8,655	-1,749	-2,029
Other	0	892	0	0
At end of year	**139,528**	**133,022**	**0**	**0**
Actual return on plan assets	**3,899**	**10,693**	**0**	**0**

Defined benefit costs recognised in income

In thousands of €	Pensions *		Other**	
	2013	2012	2013	2012
Pension costs				
Service costs	-4,707	-4,330	-1,616	-1,196
Early retirement costs	328	-902	0	0
Past service costs	-460	0	0	0
Gains/(losses) on other long-term benefits	0	0	354	-1,266
Net interest on net liabilities / (assets) for defined benefits				
Interest expense on defined benefit obligations	-3,702	-4,953	-1,257	-1,467
Interest income on plan assets	3,614	5,405	0	0
Defined benefit costs recognised in income	**-4,927**	**-4,780**	**-2,519**	**-3,929**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other**	
	2013	2012	2013	2012
Change in demographic assumptions	-877	0	-2,886	0
Change in financial assumptions	3,533	-791	1,380	-3,371
Experience adjustments	6,828	0	1,726	0
Return on plan assets (excluding net interest income)	285	5,288	0	0
Actuarial losses (gains) recognised in other comprehensive income	**9,769**	**4,497**	**220**	**-3,371**

Breakdown of defined benefit obligation by type of participant

In thousands of €	2013	2012
Active participants	-144,092	-152,624
Non-active participants with deferred benefits	-2,607	-2,747
Retirees and beneficiaries	-27,219	-28,678
Total	**-173,918**	**-184,049**

Breakdown of defined benefit obligation by type of benefit

In thousands of €	2013	2012
Retirement and death benefits	-129,482	-140,993
Other post-employment benefits (medical expenses and tariff reductions)	-27,634	-26,552
Seniority bonuses	-16,802	-16,504
Total	**-173,918**	**-184,049**

Main actuarial assumptions used

	2013	2012
Discount rate	3.05 %	2.75 %
Expected increase in average salary *	4.00 %	4.00 %
Expected inflation	2.00 %	2.00 %
Expected increase in health expenses *	3.00 %	3.00 %
Expected increase in tariff benefits *	4.00 %	4.00 %
Expected average age at retirement	62	62
Mortality tables	MR/FR adjusted based on past experience	
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	22.5	22.5
- Female	22	22

* Including inflation

Description of main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality obligations.

Each year, the discount rate used to calculate obligations for financing pension commitments and minimum financing requirements is compared with the expected return on plan assets. The latter is obtained from the risk-free rate observed on the financial markets at the balance sheet date, the risk premiums for each category of assets in the portfolio and their corresponding volatility. If the expected return is lower than the discount rate, the latter is reduced.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used are those corresponding to experience observed in the financing vehicle.

The fair value of plan assets is distributed according to the following main categories:

	2013	2012
Listed investments	**79.41 %**	**77.68 %**
Shares - eurozone	15.63%	8.88%
Shares - outside eurozone	11.65%	13.55%
Government bonds - eurozone	3.91%	9.08%
Other bonds - eurozone	43.18%	46.17%
Other bonds - outside eurozone	5.04%	0.00%
Non-listed investments	**20.59 %**	**22.32 %**
Insurance contracts	0.00%	0.00%
Real estate	4.73%	5.07%
Cash and cash equivalents	1.64%	2.09%
Other	14.22%	15.16%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**139,528**	**133,022**

Sensitivity analyses

Impact on defined contribution obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.5%)	8,522
Average salary increase - Excluding inflation (0.5%)	-11,044
Increase in inflation rate (0.25%)	-4,226
Increase in healthcare benefits (1%)	-2,304
Increase in tariff benefits (0.5%)	-1,015
Increase in life expectancy of retirees (1 year)	-1,304

Average weighted duration of defined benefit obligations

	2013	2012
Average weighted duration of defined benefit obligations	10	10

The average duration of defined benefit obligations is about 10 years. This is relatively short because these plans are now closed.

Estimated contributions for defined benefit schemes

	In thousands of €
Contribution expected in 2014	6,846

Estimated contributions for defined contribution schemes

	In thousands of €
Contribution paid in 2013	2,702
Contribution expected in 2014	3,145

Note 28. Deferred tax assets and liabilities

Recognised deferred tax liabilities			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Valuation of fixed assets	305,384	323,577	-18,193
Accrued income	5,091	5,475	-384
Fair value of financial instruments	-42	169	-211
Tax credits	0	0	0
Provisions for employee benefits or not accepted under IFRS	30.829	26.137	4,692
Other normative differences	390	390	0
Total	**341,652**	**355,748**	**-14,096**

Deferred tax assets and liabilities are offset within each taxable entity.

The main source of deferred tax is the difference between the accounting base and the tax base of property, plant and equipment. This difference arises first from the recognition in the opening balance sheet of acquired tangible fixed assets at their fair value corresponding to their deemed cost and, second, from the accounting at fair value of the assets and liabilities arising from the SEGEO and Distrigas & C° business combinations in 2008.

Provisions made in accordance with IAS 19 (Employee benefits) and provisions recognised under Belgian GAAP but not recognised under IFRS are another major source of deferred tax.

All deferred tax assets and liabilities are recognised, except for deferred taxes on the retained earnings of subsidiaries. Those unrecognised deferred tax liabilities for Fluxys LNG are estimated at €18 thousand of deferred tax liabilities.

Movement for the period		In thousands of €
	Note	Deferred tax liabilities
At 31-12-2012 restated		**355,748**
Deferred tax expenses – income statement	9	-17,492
Deferred tax expenses – other comprehensive income		3,396
Business combinations		0
Changes in the consolidation scope		0
Other		0
At 31-12-2013		**341,652**

Note 29. Current tax payable

Current tax payable			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Income tax payable	7,423	49,388	-41,965
Total	**7,423**	**49,388**	**-41,965**

Current tax payable comprises income tax payable. The reduction in this section is caused mainly by assessments received and paid for the 2011 fiscal year.

Current tax receivables and payables are recognised separately for each legal entity.

Note 30. Trade and other liabilities

Trade and other liabilities			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Suppliers	38,052	48,832	-10,780
Payroll and related debts	24,038	24,548	-510
Other amounts payable	404	532	-128
Total	**62,494**	**73,912**	**-11,418**

The change in trade debts is due to the decrease in investments made in 2013 in property, plant and equipment.

Note 31. Other current liabilities

Other current liabilities			In thousands of €
	31-12-2013	31-12-2012 restated	Change
Deferred income	1,574	1,981	-407
Accrued expenses	96	240	-144
Total	**1,670**	**2,221**	**-551**

Other current liabilities include deferred income to be carried forward to the next fiscal year and accrued expenses.

Note 32. Contingent assets and liabilities and the group's rights and commitments

32.1. Litigation

32.1.1 Litigation regarding the oil business

Pursuant to an agreement signed on 9 November 1979, the Belgian State commissioned Fluxys Belgium SA (formerly Distrigas) to negotiate the purchase of crude oil with the Kingdom of Saudi Arabia. Fluxys Belgium SA (formerly Distrigas) accepted this assignment provided that the Belgian State covered the costs, losses and all risks inherent to this assignment.

As part of the decision to discontinue the oil business, claims were submitted to the Belgian State and to Fluxys Belgium SA (formerly Distrigas).

The risk incurred by Fluxys Belgium SA (formerly Distrigas) is covered by a guarantee from the Belgian State (Royal Decree of 3 February 1981 – Belgian Official Gazette of 17 February 1981) pursuant to the agreement of 9 November 1979 between the Belgian State and Fluxys Belgium SA (formerly Distrigas) and the letter of 30 December 1983 from the Ministers for Finance and Economic Affairs.

32.1.2 Other litigation

Income tax expenses

In 2008 and 2009, amendment notices for the assessment years 2005 and 2006 were issued by the tax authorities. The resulting tax assessments amounting to €1,064 thousand were received and were settled when due. They are disputed by the related entities of the group and have not been recognised in profit and loss.

Other claims

Other claims arising from the operation of our facilities are in progress but their potential impact is immaterial.

32.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business the Fluxys group holds gas belonging to its customers at its storage sites in Loenhout and in the tanks at the LNG terminal in Zeebrugge. At 31 December 2013, the quantities of gas involved amounted to 5,608,480 MWh.

32.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers.
At 31 December 2013, the guarantees received amounted to €103,703 thousand.

32.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees in favour of the owners of assets located in Belgium and leased by the group amounted to €406 thousand at 31 December 2013.

At 31 December 2013, other guarantees amounted to €2,092 thousand.

32.5. Long-term leases and availability agreements

To meet the requirements of its activities Fluxys Belgium signed various long-term operating leases with minimum future lease payments of €428 thousand at 31 December 2013.

Maturity of minimum future payments in respect of lease payments under non-cancellable operating leases		In thousands of €
	At 31-12-2013	At 31-12-2012 restated
Up to one year	428	571
One to five years	0	428
Over five years	0	0
Total	**428**	**999**

The Fluxys Belgium group also has availability agreements (including so-called domanial concessions) with third parties for sites on which facilities of the group are being built. These agreements expire between 2014 and 2059.

32.6. Commitments with regard to the Interconnector Zeebrugge Terminal (IZT)

The IZT lease contract includes a purchase option for the lessee that can be exercised on 1 October 2018 for an amount of €4,593 thousand. As part of this transaction, surface rights have been attributed.

32.7. Commitments as part of the RTR lease agreement

As part of the RTR lease agreement, Fluxys Belgium made a commitment to G.I.E. Finpipe to pay royalties for the availability of the RTR facilities. In addition, G.I.E. Finpipe entrusted an assignment for delegation and construction management to Fluxys Belgium on 29 September 1998.

32.8. Commitments under the capacity subscription agreements

The Capacity Subscription Agreements (CSA) concluded with the terminal users of the Zeebrugge LNG terminal provide for 1,381 slots to be available from 2014 to 2027.

32.9. Commitments in relation to loans and to the European Investment Bank (BEI)

The Fluxys Belgium group was granted two loans by the European Investment Bank (EIB). They contain contractual financial covenants which are fulfilled by the Fluxys group at 31 December 2013. Like debentures, these loans contain a *pari passu* clause.

32.10. Other commitments made and received

Other commitments have been made and received by the Fluxys Belgium group, but their potential impact is immaterial.

Note 33. Financial instruments

Principles for managing financial risks

In the course of conducting its activities, the Fluxys Belgium group is exposed to credit and counterparty risks, liquidity and interest rate risks and foreign exchange and market risks, all of which affect its assets and liabilities.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

The group may only use financial instruments for hedging, and not for speculative or trading purposes. All transactions are intended to meet the group's liquidity needs: no transaction may be entered into for the sole purpose of earning a speculative gain.

Cash management policy

The Fluxys Belgium group's cash is managed as part of a general policy that was approved by the Board of Directors.

Under this policy, cash surpluses are invested with Fluxys Finance SA under cash pooling agreements. By way of reminder, Fluxys Finance is the entity in which the management of Fluxys group's cash funds and financing is centralised.

The objective of this policy is to optimise the group's cash positions. Transactions are entered into at market terms and conditions.

The group's financial policy stipulates that cash surpluses other than those referred to above be maintained at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European national government or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration. These investments are subject to continual monitoring and to risk analysis on a case-by-case basis.

At 31 December 2013, current investments, cash and cash equivalents amounted to €274,496 thousand, compared with €262,021 thousand at 31 December 2012.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score. The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that three customers contribute 66% of the revenue.

Foreign exchange risk

The group's transactions are mostly denominated in EUR.

Group policy requires that all foreign currency assets and liabilities be hedged. Residual foreign currency positions may remain open for short periods, provided that they involve the group's main currencies and as long as the total net position does not exceed €1 million.

A sensitivity analysis would not therefore be appropriate in this context.

Interest rate risk

The group's debt mainly consists of fixed interest rate loans amounting to €1,148,414 thousand at 31 December 2013 and maturing between 2015 and 2034 and finance lease payables with a duration of 17 years. The balance of fixed-rate loans totalled €1,156,832 thousand at 31 December 2012.

Part of the liabilities from finance leases is financed at a short-term interest rate. To manage this risk exposure, the group uses interest rate swap contracts to swap a floating rate for a fixed rate of 5.19%. Although these contracts largely offset the risk exposure, they do not meet the strict criteria for hedge accounting under IAS 39 (Financial Instruments: Recognition and Measurement).

The fair value of these financial instruments was reported under 'Other financial liabilities' and amounted to €122 thousand at 31 December 2013, compared with €990 thousand at 31 December 2012. Their use and the change in their fair value over the year had a positive impact of €868 thousand on the result for the period. The hedged notional amount totalled €7.4 million and the maturity falls in 2014.

In addition, the group's interest-bearing liabilities include liabilities to be used within the regulatory framework. As further explained in Note 25, these tariff gains bear interest partly at the average Euribor 1 year rate and partly at a 10-year interest rate. The group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative for the risk inherent in these financial instruments.

Consequently, the Fluxys group's exposure to interest rate risk is very limited.

The maturity of interest-bearing liabilities is reported in Note 25.

Liquidity risk

Liquidity risk management is essential since maximum liquidity and optimum use of cash represent a major objective of the Fluxys Belgium group. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

Unused credit lines

The group had €64,497 thousand in unused credit lines available at 31 December 2013, as in the previous fiscal year.

Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents and interest rate swaps (IRSs).

The following table gives an overview of financial instruments at 31 December 2013:

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2013	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets	1	115	115	2
Finance lease receivables	1	19,975	19,975	2
Loans and receivables	1	18,098	18,098	2
II. Current assets				
Other current financial assets	2	0	0	2
Finance lease receivables	1	2,874	2,874	2
Trade and other receivables	1	66,303	66,303	2
Short-term investments	1 & 2	143,738	143,738	1 & 2
Cash and cash equivalents	1 & 2	130,758	130,758	1 & 2
Total financial instruments – assets		**381,861**	**381,861**	
I. Non-current liabilities				
Interest-bearing liabilities	1	1,503,758	1,533,047	2
Other financial liabilities	2	122	122	2
II. Current liabilities				
Interest-bearing liabilities	1	84,326	84,326	2
Other financial liabilities	2	0	0	2
Trade and other payables	1	62,494	62,494	2
Total financial instruments – liabilities		**1,650,700**	**1,679,989**	

The categories correspond to the following financial instruments:

1. Financial assets (including loans and receivables) or financial liabilities at amortised cost.
2. Assets or liabilities at fair value through profit or loss.

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2012	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets	1	3,962	3,962	2
Finance lease receivables	1	22,850	22,850	2
Loans and receivables	1	32,241	32,241	2
II. Current assets				
Other current financial assets	2	0	0	2
Finance lease receivables	1	2,453	2,453	2
Trade and other receivables	1	50,515	50,515	2
Short-term investments	1 & 2	48,541	48,541	1 & 2
Cash and cash equivalents	1 & 2	213,480	213,480	1 & 2
Total financial instruments – assets		**374,042**	**374,042**	
I. Non-current liabilities				
Interest-bearing liabilities	1	1,458,093	1,472,664	2
Other financial liabilities	2	990	990	2
II. Current liabilities				
Interest-bearing liabilities	1	91,129	91,129	2
Other financial liabilities	2	0	0	2
Trade and other payables	1	73,912	73,912	2
Total financial instruments – liabilities		**1,624,124**	**1,638,695**	

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

Level 1 of the fair value hierarchy includes short-term investments and cash equivalents whose fair value is based on quoted prices. They consist mainly of bonds.

Level 2 of the fair value hierarchy includes other financial assets and liabilities whose fair value is based on other inputs that are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are as follows:

- The items ‘Interest-bearing liabilities’ include the fixed-rate debentures issued by Fluxys Belgium, whose fair value is determined based on observable rates in active markets.
- The items ‘Other financial liabilities’ include an interest rate swap (IRS) whose fair value is determined based on observable rates in active markets, usually provided by financial institutions.
- The fair value of other Level 2 financial assets and liabilities is largely identical to their book value:
    - either because they have a short-term maturity (such as trade receivables and payables), or
    - because they bear interest at the market rate at the balance sheet date.

Note 34. Related parties

Fluxys Belgium and its subsidiaries are controlled by Fluxys, which is itself controlled by Publigas.

The consolidated financial statements include transactions performed by Fluxys Belgium and its subsidiaries in the normal course of their activities with non-consolidated affiliated or associated entities. These transactions take place under market conditions and mainly involve Fluxys, Finpipe, IZT, Gaz-Opale and Fluxys Finance, the entity in which the management of Fluxys group's cash funds and financing is centralised.

Related parties								In thousands of €
	31-12-2013				31-12-2012			
	Joint ventures	Associates	Other related parties	Total	Joint ventures	Associates	Other related parties	Total
I. Assets with related parties	0	0	172,007	172,007	0	0	141,070	141,070
1. Other financial assets	0	0	0	0	0	0	0	0
1.1. Securities other than shares	0	0	0	0	0	0	0	0
1.2. Loans	0	0	0	0	0	0	0	0
2. Other non-current assets	0	0	19,975	19,975	0	0	0	0
2.1. Finance lease contracts	0	0	19,975	19,975	0	0	0	0
2.2. Other non-current receivables	0	0	0	0	0	0	0	0
3. Trade and other receivables	0	0	4,117	4,117	0	0	512	512
3.1. Trade receivables	0	0	1,243	1,243	0	0	512	512
3.2. Finance lease contracts	0	0	2,874	2,874	0	0	0	0
3.3. Other receivables	0	0	0	0	0	0	0	0
4. Cash and cash equivalents	0	0	147,915	147,915	0	0	140,558	140,558
5. Other current assets	0	0	0	0	0	0	0	0
II. Liabilities with related parties	0	0	34,077	34,077	0	0	3	3
1. Interest-bearing liabilities (current and non-current)	0	0	33,756	33,756	0	0	0	0
1.1. Bank borrowings	0	0	0	0	0	0	0	0
1.2. Finance lease contracts	0	0	33,756	33,756	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0	0	0	0
1.4. Other borrowings	0	0	0	0	0	0	0	0
2. Trade and other payables	0	0	28	28	0	0	3	3
2.1. Trade payables	0	0	28	28	0	0	3	3
2.2. Other payables	0	0	0	0	0	0	0	0
3. Other current liabilities	0	0	293	293	0	0	0	0
III. Transactions with related parties								
1. Sale of non-current assets	0	0	0	0	0	0	0	0
2. Purchase of non-current assets (-)	0	0	0	0	0	0	0	0
3. Services rendered and goods delivered	0	0	3,540	3,540	0	0	4,706	4,706
4. Services received (-)	0	0	-101	-101	0	0	-120	-120
5. Financial income	0	0	-1,552	-1,552	0	0	1,417	1,417
6.Directors' and senior executives' remuneration			1,925	1,925			2,017	2,017
Short-term employee benefits			1,645	1,645			1,744	1,744
Post-employment benefits			280	280			273	273

Note 35. Segment information

Operating segments

Fluxys Belgium group carries out activities in the following operating segments: transmission, storage, LNG terminalling activities in Belgium and other activities.

The segment information is based on classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage at Loenhout in Belgium.

Terminalling activities comprise all activities subject to the Gas Act related to the LNG terminal at Zeebrugge in Belgium.

The segment 'other activities' comprises other services rendered by Fluxys Belgium group such as participating in the IZT and ZPT terminals[5] in Belgium and work for third parties.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another.

They are valued on the basis of the regulated tariffs in force.

Information relating to the main customers

The group's main customers are users of transmission and storage services and of the LNG terminal at Zeebrugge.

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[5] Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT)

Segment income statement at 31-12-2013						In thousands of €
	Transmission	Storage	Terminalling	Other activities	Inter-segment transfers	Total
Operating revenue						
Sales and services to external customers	478,138	29,218	95,105	17,613	0	620,074
Transactions with other segments	10,348	5,243	5,899	7,993	-29,483	0
Other operating income	2,855	4,788	1,941	10,875	921	21,380
Consumables, merchandise and supplies used	-64,544	-1,533	-5,167	-1,238	1,452	-71,030
Miscellaneous goods and services	-124,232	-12,143	-30,554	-19,031	29,983	-155,977
Employee expenses	-95,583	-9,974	-14,377	-5,407	0	-125,341
Other operating expenses	-5,851	-1,381	-2,109	-541	0	-9,882
Depreciation and amortisation	-106,625	-11,293	-23,697	-605	0	-142,220
Provisions for risks and charges	-1,231	9,781	251	13,804	-2,873	19,732
Impairment losses	-1,535	0	0	0	0	-1,535
Profit from continuing operations	**91,740**	**12,706**	**27,292**	**23,463**	**0**	**155,201**
Gain/loss from disposal of financial assets						0
Changes in the fair value of financial instruments	868			278		1,146
Financial income	148	18	6	2,213		2,385
Financial expenses	-43,490	-5,351	-2,904	-1,581		-53,326
Profit/loss from continuing operations after net financial result	**49,266**	**7,373**	**24,394**	**24,373**	**0**	**105,406**
Income tax expense						-36,788
Profit/loss for the period						**68,618**

Profit from activities subject to the Gas Act is down compared with 2012. This is attributable to the following factors:

- The interest rates used as a reference for calculating the authorised return on the regulated assets are the 10-year linear bonds issued by the Belgian state. The average for 2013 (2.43 %) was lower than that for 2012 (2.98 %), resulting in a €12.7 million drop in profit.
- The €421.6 million pay-out of available reserves carried out by Fluxys Belgium on 15 May 2012 enabled the Group to shift towards a financial structure that is more in line with the Belgian regulatory framework (1/3 in equity and 2/3 in liabilities). The decrease in equity caused by this pay-out automatically reduced the level of profit by €9.6 million compared with 2012. Had this pay-out of available reserves not taken place, profit for 2013 would have been higher, but the return obtained on equity would have been lower.

Profit from the 'Other activities' segment is down mainly due to the impact of Fluxys & Co leaving the consolidation scope (-€6.4 million).

Segment balance sheet at 31-12-2013						In thousands of €
	Transmission	Storage	Terminalling	Other activities	Unallocated	Total
Tangible assets	1,762,474	208,690	397,690	8,461	0	2,377,315
Intangible assets	16,066	88	20	0	0	16,174
Goodwill	0	0	0	0	0	0
Inventories	45,733	0	517	491	0	46,741
Other current financial assets	0	0	0	0	0	0
Financial lease receivables	0	0	0	22,849	0	22,849
Net trade receivables	53,069	4,653	1,639	1,834	0	61,195
Other assets					333,981	333,981
						2,858,255
Interest-bearing liabilities	1,110,120	135,583	129,802	212,579	0	1,588,084
Other financial liabilities	122	0	0	0	0	122
Other liabilities					1,270,049	1,270,049
						2,858,255
Investments in tangible fixed assets for the fiscal year	57,155	3,877	39,367	260	0	100,659
Investments in intangible fixed assets for the fiscal year	7,481	0	0	0	0	7,481

Segment income statement at 31-12-2012 restated

In thousands of €

	Transmission	Storage	Terminalling	Other activities	Inter-segment transfers	Total
Operating revenue						
Sales and services to external customers	470,643	35,803	88,918	30,942	0	626,306
Transactions with other segments	3,599	4,885	4,427	7,487	-20,398	0
Other operating income	8,644	4,714	128	13,258	0	26,744
Consumables, merchandise and supplies used	-36,003	-1,392	-5,855	-1,115	0	-44,365
Miscellaneous goods and services	-132,105	-10,075	-21,555	-25,272	20,398	-168,609
Employee benefits	-95,866	-10,115	-14,016	-5,371	0	-125,368
Other operating expenses	-4,196	-1,157	-2,114	-253	0	-7,720
Depreciation and amortisation	-107,166	-9,673	-22,620	-3,371	0	-142,830
Provisions for risks and charges	3,420	376	142	19,457	0	23,395
Impairment losses	-811	0	0	0	0	-811
Profit from continuing operations	**110,159**	**13,366**	**27,455**	**35,762**	**0**	**186,742**
Gain/loss from disposal of financial assets	0	0	0	0	0	0
Changes in the fair value of financial instruments	999	0	0	2,401	0	3,400
Financial income	861	105	188	4,665	0	5,819
Financial expenses	-41,510	-5,092	-2,990	-6,230	0	-55,822
Profit/loss from continuing operations after net financial result	**70,509**	**8,379**	**24,653**	**36,598**	**0**	**140,139**
Income tax expense						-51,694
Profit/loss for the period						**88,445**

Segment balance sheet at 31-12-2012 restated						In thousands of €
	Transmission	Storage	Terminalling	Other activities	Unallocated	Total
Tangible fixed assets	1,808,157	217,687	377,543	13,161	0	2,416,548
Intangible assets	16,806	186	32	0	0	17,024
Goodwill	0	0	0	0	0	0
Inventories	50,865	0	221	122	0	51,208
Other current financial assets	0	0	0	0	0	0
Financial lease receivables	0	0	0	25,303	0	25,303
Net trade receivables	43,902	322	395	1,797	0	46,416
Other assets	0	0	0	0	420,724	420,724
						2,977,223
Interest-bearing liabilities	1,037,488	127,618	110,498	273,618	0	1,549,222
Other current financial liabilities	990	0	0	0	0	990
Other liabilities	0	0	0	0	1,427,011	1,427,011
						2,977,223
Investments in tangible fixed assets for the fiscal year	75,768	11,994	17,018	1,594	0	106,374
Investments in intangible fixed assets for the fiscal year	10,647	3	5	0	0	10,655

Note 36. Directors' and senior executives' remuneration

Pursuant to Article 11 of the Articles of Association, the Board of Directors of Fluxys Belgium SA comprises at least three and no more than 24 non-executive directors. Two representatives of the federal government also attend the meetings of the Board of Directors and the Strategic Committee.

The General Meeting of 8 May 2007 decided to bring the total maximum fees of the directors and government representatives to €360,000 per annum indexed. As from 1 January 2006, the directors and government representatives also receive an attendance fee.

Pursuant to Article 17.5 of the Articles of Association of Fluxys Belgium, the Board of Directors is authorised to pay a special remuneration to directors who carry out special duties for the entity. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Belgium group has not granted any loans to directors; in addition, the directors have not entered into unusual or abnormal transactions with the group.

For further information, the reader should refer to the Corporate Governance Declaration in the management report and to Note 34 Related Parties for the breakdown of remuneration by category.

Note 37. Subsequent events

No events having a material impact on the financial statements occurred after the balance sheet date.

IV. Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2013

To the shareholders

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the acentitying consolidated financial statements of Fluxys Belgium SA/NV ("the entity") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The balance sheet shows total assets of 2,858,255 (000) EUR and the income statement shows a consolidated profit (group share) for the year then ended of 68,618 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA). Those standards require that we comply with 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 auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and 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 entity's officials and the board of directors the explanations and information necessary for performing our audit.

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 Fluxys Belgium SA/NV give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the framework of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional declaration which does not modify the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is in agreement with the consolidated financial statements and does not present any material inconsistencies with any information obtained in the context of our mandate.

Diegem, 25 March 2014

The statutory auditor
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

STATUTORY ACCOUNTS OF FLUXYS BELGIUM SA

UNDER BELGIAN GAAP 04

Given the significance of the equity as well as the revenue of the parent company in the consolidated financial statements, the publication of the detailed version of the annual accounts and the notes to the accounts in this brochure would, in the majority of cases, be redundant given the explanations found in the consolidated accounts.

Pursuant to Article 105 of the Companies Code, it has therefore been decided to present an abridged version of the annual accounts of Fluxys Belgium SA.

The statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys Belgium SA.

The annual accounts of Fluxys Belgium SA and the auditor's report have been filed with the National Bank of Belgium.

They are available on the Fluxys Belgium website (www.fluxys.com/belgium) and can also be obtained free of charge upon request at the following address:

Fluxys Belgium SA
Communication Department
Avenue des Arts 31, 1040 Brussels – Belgium

I. Balance sheet

Assets		In thousands of €
	31-12-2013	31-12-2012
Fixed assets	**2,161,744**	**2,299,926**
Formation expenses	894	1,173
Intangible fixed assets	16,154	16,992
Tangible fixed assets	2,059,741	2,122,969
Financial fixed assets	84,955	158,792
Current assets	**261,047**	**244,751**
Amounts receivable after more than one year	0	0
Stock and contracts in progress	46,224	50,988
Amounts receivable within one year	70,398	57,302
Current investments	1,200	990
Cash at bank and in hand	110,878	97,565
Deferred charges and accrued income	32,347	37,906
Total	**2,422,791**	**2,544,677**

Equity and liabilities		In thousands of €
	31-12-2013	31-12-2012
Equity	**810,083**	**852,474**
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	630,816	675,135
Reserves	24,486	18,324
Accumulated profits	45,086	46,819
Capital subsidies	49,385	51,886
Provisions and deferred taxes	**39,034**	**63,952**
Provisions for risks and charges	11,967	35,546
Deferred taxes	27,067	28,406
Amounts payable	**1,573,674**	**1,628,251**
Amounts payable after more than one year	1,123,936	1,158,509
Amounts payable within one year	183,033	271,252
Deferred charges and accrued income	266,705	198,490
Total	**2,422,791**	**2,544,677**

II. Income statement

Income statement	In thousands of €	
	31-12-2013	31-12-2012
Operating income	573,975	579,122
Operating charges	450,985	446,561
Operating profit	**122,990**	**132,561**
Financial income	26,041	37,717
Financial charges	50,921	49,949
Net financial income	**-24,880**	**-12,232**
Profit on ordinary activities before taxes	**98,110**	**120,329**
Extraordinary income	12	0
Extraordinary charges	0	490
Net extraordinary income / (expense)	**12**	**-490**
Profit for the period before taxes	**98,122**	**119,839**
Transfer from deferred taxes	**1,529**	**994**
Income taxes	**-43,923**	**-48,277**
Profit for the period	**55,728**	**72,556**
Transfer from untaxed reserves	**100**	**21**
Profit for the period available for appropriation	**55,828**	**72,577**

III. Appropriation account

Appropriation account	In thousands of €	
	31-12-2013	31-12-2012
Profit to be appropriated	**102,647**	**120,400**
Profit for the period available for appropriation	55,828	72,577
Profit carried forward from the previous period	46,819	47,823
Transfer from equity	**41,449**	**42,101**
From reserves	41,449	42,101
Transfer to equity	**6,262**	**3,260**
To the legal reserve	0	0
To the other reserves	6,262	3,260
Result to be carried forward	**45,086**	**46,819**
Profit to be carried forward	45,086	46,819
Profit to be distributed	**92,748**	**112,422**
Dividends	92,748	112,422
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, will be:	0.99€	1.20€

In 2013, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2013 is €1.32 per split share (€0.99 net). It will be payable from 20 May 2014.

IV. Capital at the end of the period

Capital at the end of the period	
	31-12-2013
Subscribed capital (in thousands of €)	
At the end of the previous period	60,272
At the end of the period	60,272
Capital represented by	
Registered shares	62,211,399
Dematerialised shares	8,042,702
Bearer shares	9,400

Shareholder structure

Declarant	Date of declaration	Share category	Number of voting rights declared	%
Fluxys	17-09-2010	B/D	63,217,100	89.97

The Belgian State holds one specific share.

V. Income taxes

Income taxes	In thousands of €
	31-12-2013
Breakdown of heading 670/3*	
Income taxes on the result of the current period	44,149
Taxes and withholding taxes due or paid	41,501
Excess of income tax prepayments	0
Estimated additional taxes	2,648
Income taxes on previous periods	141
Additional taxes due or paid	141
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	98,122
Permanent differences:	31,766
Definitively taxed income	-21,820
Non-deductible expenses	6,000
Notional interest	0
Taxable reserves	45,957
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	100
Transfer from deferred taxes	1,529
Total	129,888

** The regularisation of taxes (accounts 77) for an amount of € -367 thousand in 2013 is not registered in this item.*

VI. Workforce

ONSS N°: 030012851238

Joint Commission N°: 326

1. Headcount

A. Employees recorded in the personnel register

1a. During the current period	Total	Men	Women
Average number of employees			
Full-time	938.30	780.30	158.00
Part-time	96.90	41.00	55.90
Total in full-time equivalents (FTE)*	1,010.90*	810.60*	200.30*
Numbers of hours actually worked			
Full-time	1,372,040.99	1,155,396.12	216,644.87
Part-time	108,284.20	44,861.00	63,423.20
Total	1,480,325.19	1,200,257.12	280,068.07
Personnel costs			
Full-time	110,877,173.71	96,671,508.34	14,205,665.37
Part-time	9,201,709.41	4,194,753.48	5,006,955.93
Total	120,078,883.12	100,866,261.82	19,212,621.30
Advantages in addition to wages	1,654,692.78	1,389,941.94	264,750.84

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)*	1,008.00*	807.00*	201.00*
Numbers of hours actually worked	1,497,674.98	1,204,303.82	293,371.16
Personnel costs	120,123,421.42	99,186,734.86	20,936,686.56
Advantages in addition to wages	1,758,809	1,420,219	338,590

** full-time equivalents*

2. At the closing of the period

		Full-time	Part-time	Total full-time equivalents
a.	Number of employees	920	98	993.51
b.	By nature of the employment contract			
	Contract for an indefinite period	889	98	962.51
	Contract for a definite period	31	0	31.00
	Contract for execution of a specifically assigned work	0	0	0.00
	Replacement contract	0	0	0.00
c.	According to gender and study level			
	Men	768	41	798.60
	Primary education	0	0	0,00
	Secondary education	342	24	360.00
	Higher non-university education	190	6	194.80
	University education	236	11	243.80
	Women	152	57	194.91
	Primary education	0	0	0.00
	Secondary education	41	16	52.65
	Higher non-university education	62	34	87.85
	University education	49	7	54.40
d.	By professional category			
	Manager staff	290	20	305.20
	Employees	630	78	688.31
	Workers	0	0	0.00
	Others	0	0	0.00

** full-time equivalents*

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Persons placed at the enterprise's disposal
Average number of persons employed	4.00	0.00
Numbers of hours actually worked	7,901.47	0.00
Costs for the enterprise	229,233.68	0.00

2. Table of movements in personnel during the period

	Full-time	Part-time	Total FTE *
Entries			
a. Number of employees recorded in the personnel register during the year	82	0	82.00
b. By nature of the employment contract			
Contract for an indefinite period	22	0	22.00
Contract for a definite period	60	0	60.00
Contract for execution of a specifically assigned work	0	0	0.00
Replacement contract	0	0	0.00
Departures			
a. Number of employees whose date of leaving is recorded in the personnel register during the year	114	1	114.80
b. By nature of the employment contract			
Contract for an indefinite period	50	1	50.80
Contract for a definite period	64	0	64.00
Contract for execution of a specifically assigned work	0	0	0.00
Replacement contract	0	0	0.00
c. By reason of termination of contract			
Retirement	22	0	22.00
Unemployment with extra allowance from enterprise	0	0	0.00
Dismissal	6	1	6.80
Other reason	86	0	86.00
The number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	0	0	0.00

** full-time equivalents*

3. Information on training provided to employees during the period

	Men	Women
Total of initiatives of formal professional training at the expense of the employer		
Number of employees involved	801.00	194.00
Numbers of actual training hours	36,783.75	4,673.50
Net costs for the enterprise	3,666,344.48	453,035.72
Of which gross costs directly linked to training	3,666,344.48	453,035.72
Of which fees paid and payments to collective funds	0.00	0.00
Of which grant and other financial advantages received (to deduct)	0.00	0.00
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	162.00	17.00
Numbers of actual training hours	3,023.00	183.50
Net costs for the enterprise	276,074.18	16,798.10
Total of initiatives initial professional training at the expense of the employer		
Number of employees involved	0.00	0.00
Numbers of actual training hours	0.00	0.00
Net costs for the enterprise	0.00	0.00

Questions regarding financial and accounting data
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