Financial Report

2015

proximus

Key Figures

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Income Statement (EUR million)										
Total income before non-recurring items	6,100	6,065	5,978	5,990	6,603	6,406	6,462	6,318	6,050	6,012
Non-recurring income	0	0	8	74	436	11	0	0	62	0
Total income	6,100	6,065	5,986	6,065	7,040	6,417	6,462	6,318	6,112	6,012
Non-recurring expenses	0	-46	-93	-62	8	-26	-15	-14	-27	2
EBITDA (1) before non-recurring items	2,149	2,077	1,990	1,955	1,984	1,912	1,801	1,713	1,720	1,644
EBITDA (1)	2,149	2,031	1,905	1,967	2,428	1,897	1,786	1,699	1,755	1,646
Depreciation and amortization	-802	-774	-743	-706	-809	-756	-748	-782	-821	-869
Operating income (EBIT)	1,347	1,256	1,161	1,261	1,619	1,141	1,038	917	933	777
Net finance income / (costs)	104	1	-109	-117	-102	-106	-131	-96	-96	-120
Share of loss on associates	0	0	0	0	0	0	0	0	-2	-2
Income before taxes	1,451	1,258	1,053	1,144	1,517	1,035	907	822	835	655
Tax expense	-358	-300	-254	-241	-233	-262	-177	-170	-154	-156
Non-controlling interests	121	0	-1	-1	17	17	19	22	27	17
Net income (Group share)	973	958	800	904	1,266	756	712	630	654	482
Cash flows and Capital Expenditures (EUR million)										
Cash flows from operating activities	1,643	1,581	1,552	1,406	1,666	1,551	1,480	1,319	1,447	1,386
Cash paid for acquisitions of intangible assets and property, plant and	-676	-625	-764	-597	-734	-757	-773	-852	-916	-1,000
Cash flows from / (used in) other investing activities	-2,279	255	-380	-12	48	-7	-16	38	180	22
Free cash flow (2)	-1,313	1,210	409	797	980	788	691	505	711	408
Cash flows from / (used in) financing activities	751	-720	-570	-1,030	-728	-1,051	-809	-353	-364	-608
Net increase / (decrease) of cash and cash equivalents	-562	490	-161	-233	252	-264	-118	152	347	-200
Balance sheet (EUR million)										
Balance sheet total	7,300	7,325	7,782	7,450	8,511	8,312	8,243	8,417	8,522	8,283
Non-current assets	5,504	5,072	5,564	5,505	6,185	6,217	6,192	6,254	6,339	6,386
Investments, cash and cash equivalents	327	785	618	408	627	356	285	415	710	510
Shareholders' equity	2,391	2,520	2,271	2,521	3,108	3,078	2,881	2,846	2,779	2,801
Non-controlling interests	8	6	5	7	235	225	211	196	189	164
Liabilities for pensions, other post-employment benefits and termination benefits	886	831	777	677	565	479	570	473	504	464
Net financial position	-1,636	-1,167	-1,835	-1,716	-1,451	-1,479	-1,601	-1,815	-1,800	-1,919

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Proximus share - key figures										
Basic earnings per share before non-recurring items (EUR)	2.87	2.96	2.71	2.79	2.57	2.40	2.27	2.02	1.96	1.49
Basic earnings per share (EUR)	2.87	2.87	2.45	2.82	3.94	2.36	2.24	1.98	2.04	1.50
Diluted earnings per share (EUR)	2.87	2.87	2.45	2.82	3.94	2.36	2.23	1.98	2.04	1.50
Total dividend per share (EUR)	1.89	2.18	2.18	2.08	2.18	2.18	2.49	2.18	1.50	1.50
Weighted average number of ordinary shares (3)	338,621,113	334,017,553	326,179,820	320,475,553	321,138,048	319,963,423	318,011,049	318,759,360	320,119,106	321,767,821
Share buyback (EUR million)	200	78	352	0	0	100	0	0	0	0
Data on employees										
Number of employees (full-time equivalents)	18,180	17,942	17,371	16,804	16,308	15,788	15,859	15,699	14,187	14,090
Average number of employees over the period	18,163	17,995	17,465	16,878	16,270	15,699	15,952	15,753	14,770	14,040
Total income before non-recurring items per employee (EUR)	335,869	337,031	342,291	354,917	405,859	408,046	405,084	401,080	409,639	428,194
Total income per employee (EUR)	335,869	337,031	342,746	359,322	432,685	408,760	405,084	401,080	413,826	428,194
EBITDA (1) before non-recurring items per employee (EUR)	118,294	115,400	113,934	115,849	121,953	121,764	112,924	108,735	116,473	117,073
EBITDA (1) per employee (EUR)	118,294	112,847	109,058	116,551	149,247	120,834	111,973	107,851	118,798	117,251
Ratios										
Return on Equity	40.7%	38.8%	37.5%	35.6%	30.9%	24.9%	25.0%	22.5%	22.8%	17.2%
Gross margin	67.1%	66.8%	67.0%	65.2%	60.0%	60.7%	59.6%	59.5%	60.0%	60.5%
Net debt / EBITDA before non-recurring items	80.0%	60.0%	90.0%	90.0%	70.0%	80.0%	90.0%	106.0%	105.0%	116.7%

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities.

(3) i.e. excluding Treasury shares

(4) The net income and the Shareholders' equity are adjusted to exclude the non-recurring income /expenses and the related tax impacts.

(5) The gross margin is adjusted to exclude non-recurring income.

Consolidated management report

Management discussion and analysis of financial results

From reported to underlying revenue and EBITDA

In order to allow like for like comparison, Proximus provides a clear view on the operational-driven trends of the business by isolating revenues and costs that are unusual or not directly related to Proximus' business operations, and which had a significant impact on the year-on-year variance on the Proximus Group revenue or EBITDA.

Proximus has considered following main income and expenses as incidental:
- Gain or losses from disposals (subsidiaries)
- Impact on revenue/EBITDA of disposed companies
- Capital gains of building sales
- Large settlement agreements
- Settlement of post-employment benefit plans

Proximus 's management discussion focuses on the underlying figures, after deduction of the incidentals.

(in mio €)	FY 2014 Reported	Incidentals	FY 2014 Underlying	FY 2015 Reported	Incidentals	FY 2015 Underlying
TOTAL REVENUES	6,112	-248	5,864	6,012	-17	5,994
EBITDA	1,755	-102	1,653	1,646	87	1,733

New customer segmentation

In 2015 we implemented a new customer segmentation reflecting our new organization.

Within our "Fit-for-Growth" strategy, we implemented a more efficient organization and overall simplification.

The main change resides in the Small Enterprise customers who are reported within our Consumer Business Unit and no longer in our Enterprise Business Unit.

Subsequently we have restated the 2014 figures accordingly in the present document.

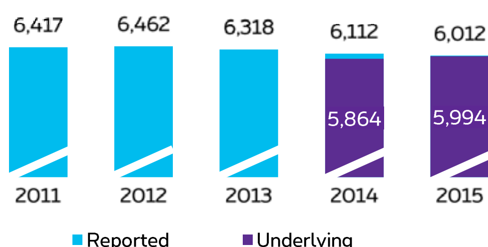
The new customer segmentation did not have any impact on Group level.

Proximus Group

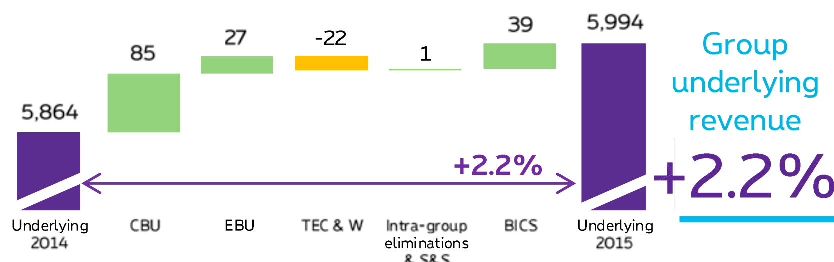
- Proximus Group grew its 2015 underlying revenue by 2.2% and its EBITDA by 4.9%
- Strong Direct Margin contribution from both Proximus' Core[1] operations and BICS
- Proximus' Core growing on progress of Fixed Services, and Mobile turnaround since 2015
- Solid financial position: Free Cash Flow of EUR 408 million; including litigation settlement payment

Revenue

Revenue (in m€)



Underlying Revenue evolution by segment (in m€)



Proximus Group ended the year 2015 with total underlying revenue of EUR 5,994, 2.2% up from the prior year. This excludes the impact from incidentals[2], which had especially a favorable impact on the 2014 revenue.

The positive evolution of the Group underlying revenue resulted from both Proximus' core operations as well as from BICS, Proximus' International Carrier business unit.

For full-year 2015, the **Proximus Core revenue totaled EUR 4,379 million, a 2.1% improvement from 2014.** The revenue growth was for a large part driven by Proximus' Consumer Business Unit (CBU), which posted 3.0% underlying revenue growth for 2015. This was driven by solid revenue from Fixed products through a growing customer base for Fixed Internet and TV, as well as by the growing revenue from Mobile services. Proximus benefitted from its great efforts on customer centricity and its convergence strategy. By offering customers multi-play products it increased the loyalty and value of its customer base. Proximus' Luxembourgish subsidiary Tango too closed a solid year, growing its revenue in 2015 by 11.1%.
Proximus' Enterprise business unit (EBU) saw its revenue increasing by 2.1% to a total of EUR 1,338 million. Especially revenue from Mobile services enhanced from the prior year, adding 5.6% on a growing customer base and favorable ARPU[3] trend, while the underlying ICT revenue was up by 2.3%.
The above favorable trends of Proximus' Core revenue was partly offset by a 8.9% decrease in Wholesale revenue, mainly due to an ongoing decrease in volumes from the traditional wholesale business, accelerated by the outphasing of "Snow" following the decision of Base to stop their Fixed triple-play offer. The larger part of the former Snow customers opted however for Scarlet in the first-half of 2015. Therefore, the resulting reduction in Wholesale lines was largely compensated for through Proximus retail offer.

BICS generated in 2015 total revenue of EUR 1,616 million, 2.5% more than for the prior year. Continuously growing revenue from non-voice and a positive USD currency impact more than offset the pressure on Voice revenue due to lower volumes.

[1] Defined as Group excluding BICS

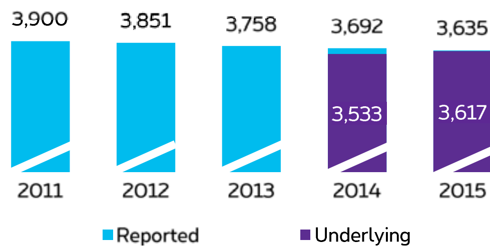
[2] This mainly includes the recorded gains from disposed companies, the revenue from those companies, and capital gains on building sales.

[3] Average Revenue per User

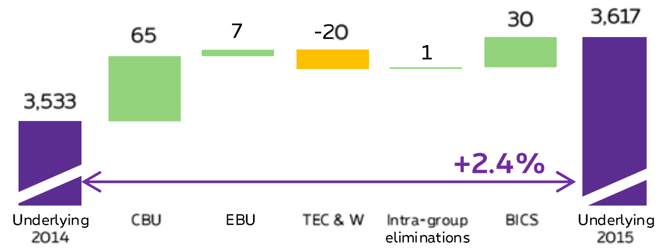
+2.4%
Group Direct Margin

The **2015 underlying Direct Margin of Proximus Group totaled EUR 3,617 million, a 2.4% increase from the prior year**. This favorable evolution was driven by both the Core operations of Proximus and by BICS. With the increase in Core revenue mainly resulting from higher margin Fixed and Mobile services, the Direct Margin of the Core business improved by 1.6% versus the prior year to reach EUR 3,340 million. In addition, BICS' Direct Margin for 2015 totaled a strong EUR 278 million, 13.3% above that of the previous year, resulting from both a favorable variance for Voice and non-Voice.

Direct Margin (in m€)

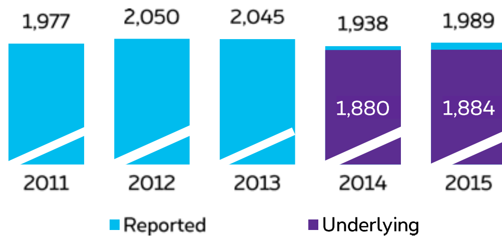


Underlying Direct Margin evolution by segment (in m€)

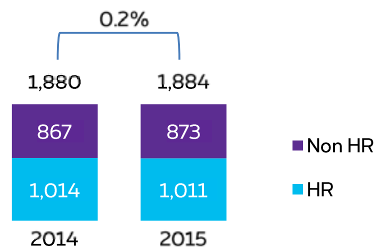


Operating expenses

Operating expenses (in m€)

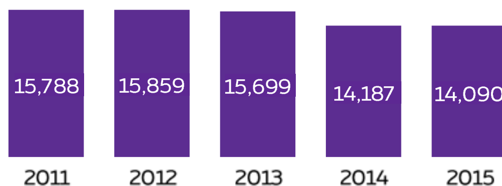


Total underlying Operating expenses (in m€)



Proximus' **total underlying operating expenses for 2015 totaled EUR 1,884 million.** The slight +0.2% increase compared to 2014 resulted from +0.7% higher non-HR expenses of EUR 6 million, including a higher provision for the regional Pylon tax. This impact excluded, non-HR expenses decreased year-on-year, showing benefits from Proximus' cost efficiency initiatives.
The Group HR-expenses for the year 2015 totaled EUR 1,011 million, 0.2% down from the previous year. The Core HR-expenses were lowered by 0.9% on a lower headcount. On the Group level, this was partly offset by higher headcount for BICS in order to support investments in growing businesses.

Headcount evolution (in FTE)



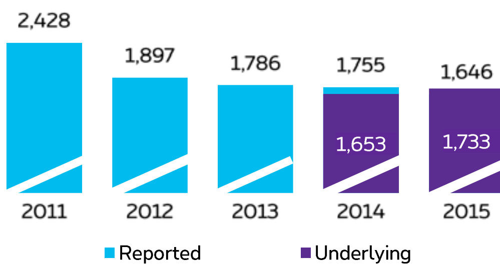
The Proximus Group ended 2015 with a personnel base of 14,090 FTEs. This is 97 FTEs less than end-2014 resulting from natural attrition.

Group underlying EBITDA

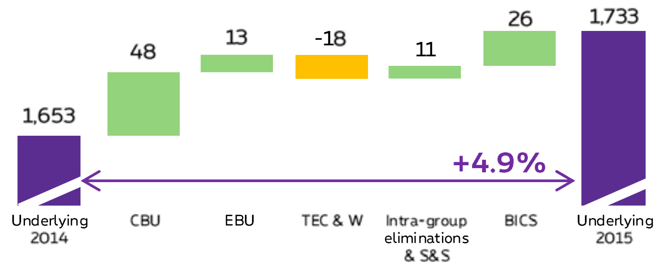
+4.9%

Net of incidentals, the Proximus Group posted for 2015 underlying EBITDA of EUR 1,733 million, an increase 4.9% compared to 2014. The Core operations of Proximus grew EBITDA by 3.6% to a total of EUR 1,573 million. Especially the Consumer segment closed a strong 2015, posting a 3.5% growth in its segment[4] result. The Enterprise Business Unit too closed the year 2015 on a positive note, growing its Segment Result by 2.2%. BICS closed a very strong 2015, with its Segment Result totaling EUR 160 million, 19.1% above that of the previous year.

EBITDA (in m€)

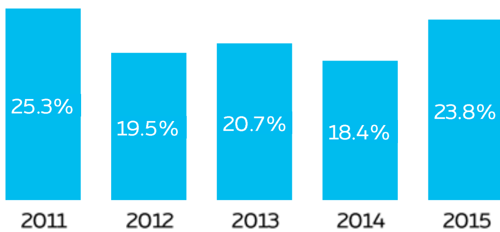


Underlying EBITDA evolution by segment (in m€)



Tax Expense

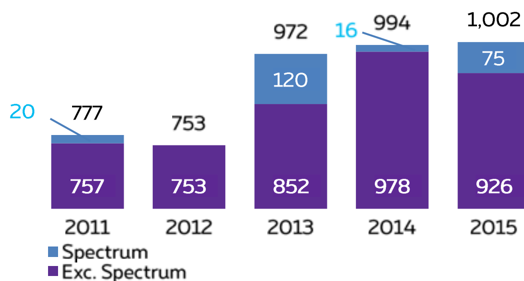
Effective tax rate



The full year 2015 tax expenses amounted to EUR 156 million, representing an effective tax rate of 23.8%, up from 18.4% for 2014. The increase resulted from lower tax deductions in 2015 than in 2014 and a provision for the estimated net cash outflow resulting from discussions with authorities.

Capex

Capex (in m€)



The invested amount over the year 2015 was EUR 926 million for the Proximus Group, or EUR 1,002 million including EUR 75 million Capex for the renewal of the 900Mhz/1800Mhz spectrum. This compares to EUR 978 million for 2014, excluding EUR 16 million spectrum Capex, yet including the three-year broadcasting rights of Belgian Jupiler Pro league football capitalized in 2014.

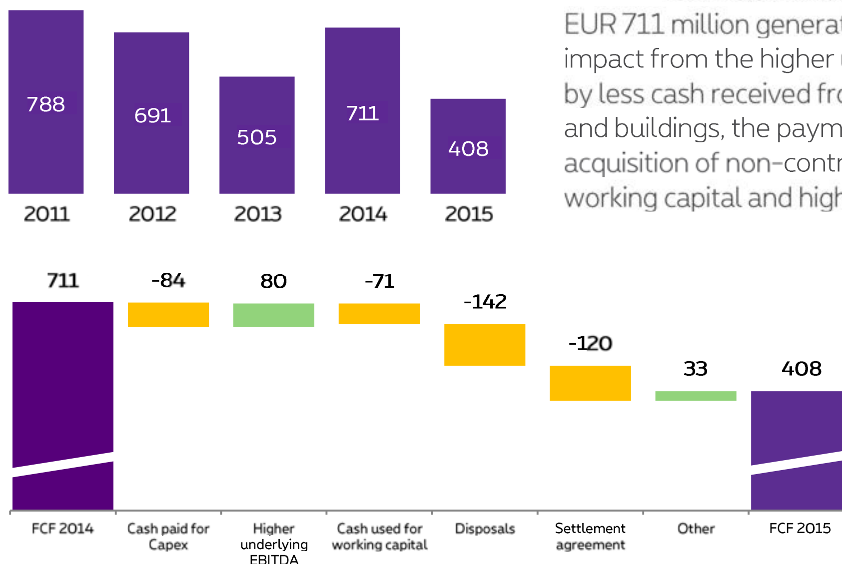
€ 926m

invested to improve customer experience

[4] Note that the segment results include only a partial cost allocation and as such not to be confused with a segment EBITDA

Free Cash Flow

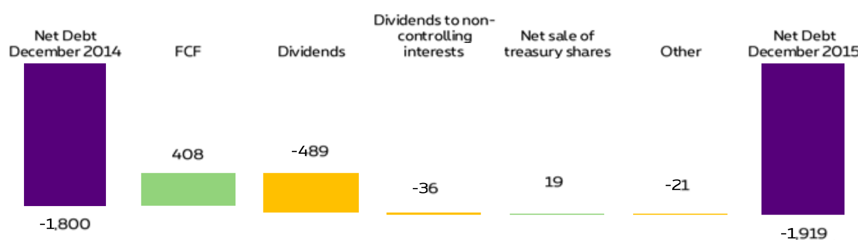
Free Cash Flow[5] (in m€)



Over the full-year 2015, the Free Cash Flow of Proximus Group totaled EUR 408 million. This compares to a Free Cash Flow of EUR 711 million generated in 2014. Year-on-Year, the positive impact from the higher underlying EBITDA was more than offset by less cash received from the sale of consolidated companies and buildings, the payment of a litigation settlement[6] the acquisition of non-controlling interests, higher cash used for working capital and higher cash paid for Capex.

Net financial position

Net financial position (in m€)



Compared to end 2014, the net financial debt increased by EUR 119 million to EUR 1,919 million at the end of 2015, the outstanding long term debt amounted to EUR 2,435 million.

In 2015, Proximus took the opportunity to tap the bond markets, taking advantage of the very attractive interest rate environment and improving its debt maturity schedule.
Proximus successfully issued EUR 500 million Senior Unsecured Notes due October 2025. The spread of this transaction was set at 97 basis points over the 10-year mid-swap rate, corresponding to a coupon of 1.875% annually. On 1 October 2015 the bond was listed on Euronext Brussels.
In conjunction with this new bond, Proximus also performed a liability management exercise by successfully launching a cash tender on two of its outstanding bonds.
A total of EUR 370 million was repurchased. The 2016 maturity was tendered for 29% of outstanding bonds, representing an amount of EUR 275 million out of a total of EUR 950 million. A further EUR 95 million of the 2018 maturity were also tendered, representing some 19% out of a total of EUR 500 million. Furthermore, during March, 2015, Proximus also successfully managed to buy back 85% of its outstanding 10 billion JPY Notes due in December 2026, thereby reducing the outstanding amount on these long term bonds to JPY 1.5 billion, equivalent to some EUR 11 million.

[5] Cash flow before financing activities

[6] In October 2015, KPN, BASE Company, Mobistar and Proximus agreed to settle all outstanding litigation related to the practice of applying tariffs from the past for mobile telecommunication services that are differentiated between on-net and off-net voice communications. The settlement agreement involved the payment of an amount of EUR 120 million.

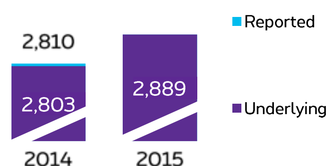
Consumer Business Unit – CBU

- CBU posted a solid revenue growth of 3.0% to a total of EUR 2,889 million
- Growing revenue from Fixed and Mobile on larger customer base and favorable ARPU trends
- Direct Margin grew by 3.1% to EUR 2,196 million
- Segment result was up by 3.5% to EUR 1,440 million
- Growth of +70,000 in 3-or 4-Play, ending 2015 at 43% of HH/SO base

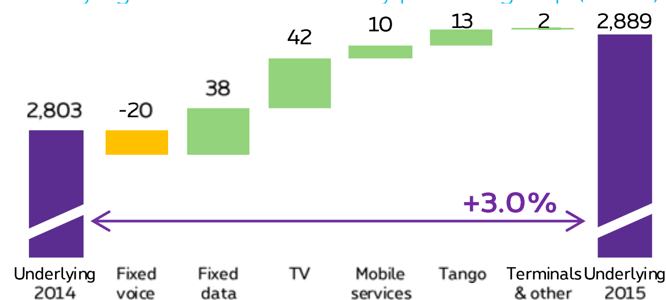
Revenue

For 2015, the **Consumer business unit posted total underlying revenue of EUR 2,889 million, or an increase of 3.0%** compared to 2014. This favorable evolution is largely the result of the strong progress made in Fixed, which grew by 4.2%. The revenue growth from Fixed Internet and TV largely compensated for the lower Fixed Voice revenue. In addition, the Mobile Services revenue trend turned positive again in 2015, growing by 1.0% versus last year, benefitting from a growing mobile Postpaid customer base and a positive ARPU evolution. This was in part offset by declining revenue from mobile Prepaid.
The favorable revenue evolution was strongly supported by Proximus' successful convergence strategy, upselling additional services to its customer base. End-2015, 43% of households and small offices (HH/SO) serviced by Proximus had 3 or 4 services. Combining Fixed with Mobile services also progressed, with 56% of HH/SO now being convergent, up year-on-year by 2.6pp.
In addition to the solid results of the Proximus brand, its other brands too closed a successful year.
In Belgium, Scarlet showed good progress on its customer base, in the first half of 2015 supported by 22,000 former Snow customers that were won over by Scarlet's Trio offer.
Tango, Proximus' mobile brand in Luxembourg, closed the year with EUR 130 million revenue, an increase of 11.1% from the prior year.

Revenue (in m€)

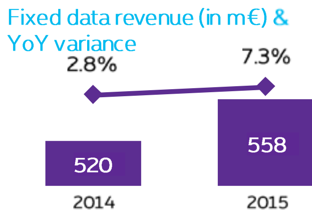


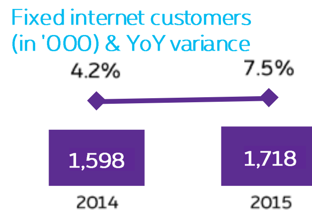
Underlying Revenue evolution by product group (in m€)

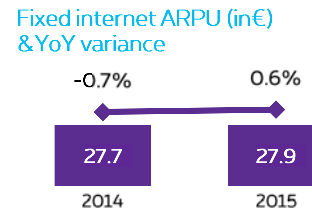


+120,000
Fixed Internet customers, revenue up by 7.3%

Revenue from Fixed Internet grew by 7.3% year-on-year to EUR 558 million for 2015. This resulted from a growing customer base, up by 120.000 or 7.5% in a one year period to reach a total of 1,718,000. In the first half of 2015, CBU successfully gained former Snow customers, migrating a total of 22,000 customers to the Scarlet brand. Besides a larger customer base, the positive revenue evolution is also the result of a higher revenue per customer, with ARPU increasing 0.6% to EUR 27.9 for 2015.



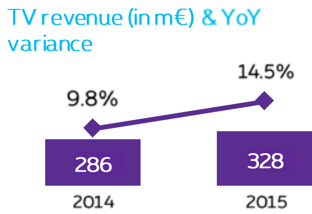


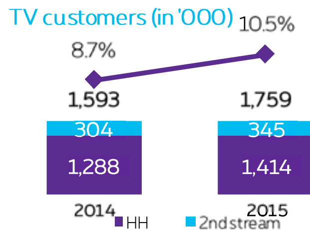


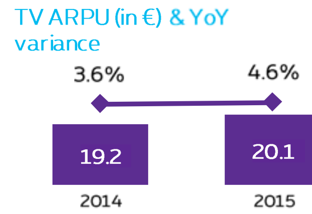
+167,000

TV set-top boxes, Revenue up by 14.5%

In 2015, Proximus continued to grow its **revenue from TV, up by 14.5% compared to 2014**, to a **total of EUR 328 million**. This resulted from a continued increase in the TV subscriber base, for both the Proximus and Scarlet brands. CBU ended 2015 with a total of 1,759,000 connected TV set-top boxes, up by 167,000 Year-on-Year, or +10.5%. This represented 1,414,000 TV households, and a total of 345,000 second/third TV set-top boxes at the end of 2015. Besides a growing customer base, the TV ARPU also evolved positively on the uptake of paying TV options, offsetting the impact of the discount in a multi-play Pack. The TV ARPU for 2015 was EUR 20.1, 4.6% up from 2014.





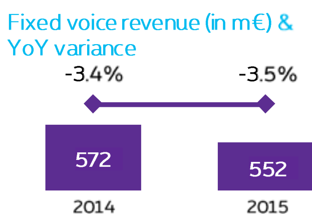


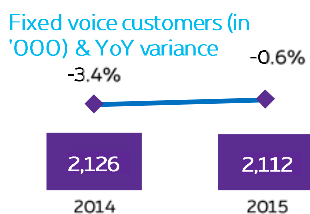
-14,000

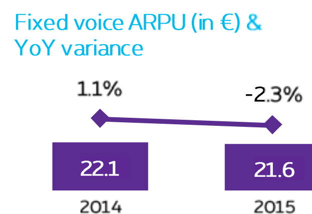
Fixed Voice Lines, revenue –3.5%

Over 2015, CBU generated EUR 552 million from Fixed Voice, or 3.5% less than for 2014. The declining trend in the Fixed Voice line base continued in 2015, though was limited to 14,000, i.e. a 0.6% line erosion. The improvement from prior years resulted from an increased sales focus on multi-play Packs including Fixed Voice and the positive impact of the migration of former Snow customers to the Scarlet Trio offer. As such, CBU ended 2015 with a total Fixed Voice line base of 2,112,000.

However, the success of multi-play Packs at favorable pricing for the customer impacted the standalone Fixed Voice ARPU, only in part offset by the upward price adjustment in July 2015. Over 2015, the Fixed Voice line ARPU totaled 21.6, 2.3% less than for 2014.



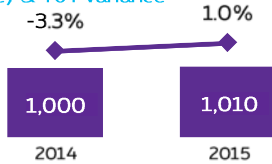




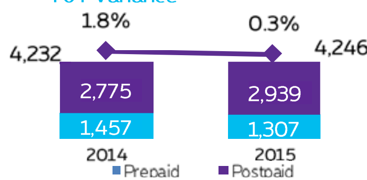
+164,000
Mobile postpaid cards, Service revenue +1.0%

Driven by a solidly growing Mobile postpaid customer base, and by a higher blended ARPU, CBU's revenue from Mobile services turned positive again Year-on-Year as of the first quarter 2015. **CBU's full-year revenue from Mobile services totaled EUR 1,010 million, or a 1.0% increase from 2014.**
A new and simplified mobile portfolio since mid-August 2015, Proximus' mobile network superiority and the growing success of convergence and our brands led to a solid increase of 164,000 Mobile postpaid cards. Accordingly, CBU ended 2015 with a total Postpaid customer base of 2,939,000, 5.9% higher versus one year ago, reinforcing the mix to 69% Postpaid/31%Prepaid.
By end-2015, CBU counted 1,307,000 Prepaid cards, or 10.3% less than for the previous year.
Postpaid and Prepaid combined, CBU's mobile customer base totaled 4,246,000 cards end 2015.
Benefitting from a higher smartphone penetration, higher mobile data usage and a better customer tiering versus one year ago, the blended mobile ARPU for 2015 progressed by 1.8% to EUR 22.5. This resulted from an improving Postpaid ARPU, up by 1.1% to EUR 29.4; and a lower Prepaid ARPU of EUR 10.5, i.e. – 11.7%.

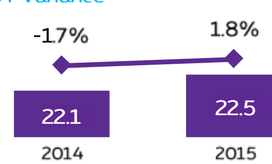
Mobile services revenue (in m€) & YoY variance



Mobile customers (in '000) & YoY variance



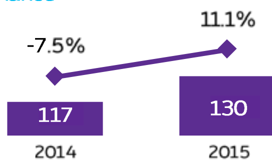
Mobile blended ARPU (in €) & YoY variance



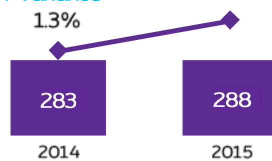
+11.1%
Revenue growth for Tango

Tango, Proximus' Luxembourgish telecom operator, generated for the full year 2015, revenue of EUR 130 million, or 11.1% more than for 2014. This was mostly attributable to the mobile division thanks to an increasing customer base by around 5,000 customers and a growth of smartphone subscriptions generating a higher ARPU, up by 5.6 %. This success follows the launch of offers dedicated to the needs of cross-border workers. TV, Internet and Fixed voice also contributed to the positive trend of 2015, more specifically with the revamp of Tango's TV offer.

Tango revenue (in m€) & YoY variance



Tango customers (in '000) & YoY variance

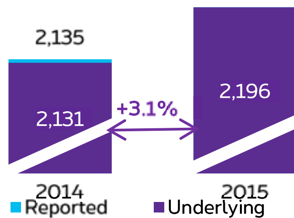


+3.1%
Direct Margin

CBU grew its underlying Direct Margin by EUR 65 million

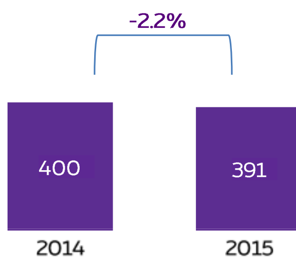
The solid underlying revenue growth for both Fixed and Mobile services resulted in a positive Direct Margin evolution compared with the year before. For 2015, CBU posted EUR 65 million Direct Margin, 3.1% up from the previous year.

Direct Margin (in m€)

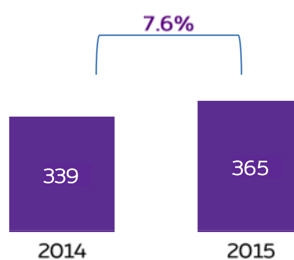


CBU underlying operating expenses

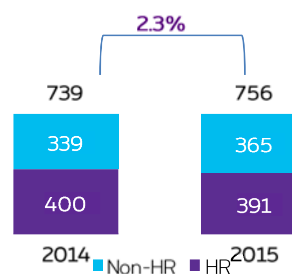
HR expenses (in m€)



Non-HR expenses (in m€)



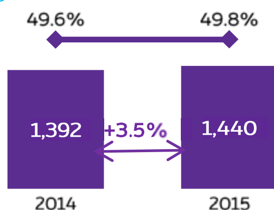
Total expenses (in m€)



Over the year 2015, **CBU's total expenses were EUR 756 million, 2.3% higher than for 2014.** HR-related expenses ended 2.2% lower year-on-year, benefitting from a lower personnel base following natural attrition. Non-HR expenses however were up by 7.6% in 2015, including higher volume driven expenses, and a negative impact from bad debt and litigation provisions.

CBU Segment results and contribution margin[7]

Segment result (in m€) & margin



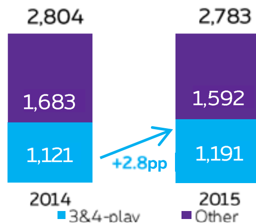
CBU's underlying segment results for 2015 amounted to EUR 1,440, 3.5% up from the previous year. The segment margin as percent of revenue was 49.8%.

[7] Note that Proximus does not apply a full cost allocation, meaning that the segment result does not take all costs into account.

CBU's financials reflect its successful multi-play strategy

The progress on Proximus' long-term convergence and value strategy is measured through household-based reporting. In contrast to traditional reporting per product group, X-play Household and Small Offices (HH/SO) reporting focuses on operational and financial metrics in terms of Households and Small Offices serviced by Proximus and the number of Plays and RGU[8]'s offered.

CBU Households and Small Offices per X-play Q4'15 (in 000's)



End-2015, CBU serviced 2,783,000 Households/Small Offices (HH/SO).

1,191,000, or 43% of the total took 3 or 4 services ("Plays") of Proximus. This is a 2.8pp improvement from one year ago.

Within the household mix, Proximus' convergence success was especially apparent in the continued progress it made in the number of households that take 3 or 4 Plays. In 2015, Proximus' household mix improved, its 3-play customer base growing by 21,000 households and 4-play customer base by 49,000. As such, Proximus ended the year with 662,000 3-play households (+3.2 %) and 529,000 4-play households (+ 10.2%). As a consequence, Proximus strengthened its customer base with households having typically a lower churn rate, i.e. a full churn rate of 9.6% for 3-play households and 3.1% for 4-play households.

The average RGU continued to show some progress throughout 2015, with the average across all X-play households rising to 2.58 RGU in the fourth quarter 2015, up 3.6% year-on year, with the increase coming from 4-play (to 4.84 RGUs), mainly driven by Mobile postpaid family offers.
Furthermore, the number of households having both Proximus Fixed and Mobile services, i.e. convergent households, grew to 55.9%, 2.6 p.p. more than a year ago.

An important enabler for CBU to increase the number of multi-play households and the number of Plays per household is selling Plays in a Pack. The success of bundling Plays in a Pack, giving customers attractive pricing and value for money, was also strengthened in 2015. CBU added 99,000 households with Packs; as such, the number of households with at least one Pack totaled 1,411,000 end-2015.

[8] Revenue Generating Units

CBU Households/Small Offices per Play & Net adds of the Year | **Variance YoY**

HH/SO in ('000)	FY 2014 Fixed Voice	FY 2014 Fixed Internet	FY 2014 TV	FY 2014 Mobile Post-paid	FY 2014 Sum #HH/SO	FY 2015 Fixed Voice	FY 2015 Fixed Internet	FY 2015 TV	FY 2015 Mobile Postpaid	FY 2015 Sum #HH/SO	Variance YoY FY 2015 Average #RGUs/ HH SO	Variance YoY FY 2015 Annualized full churn rate of HH/SO (**)	Variance YoY FY 2015 % Fixed + Mobile Postpaid (***)
1-Play	479	77	N/A(*)	665	1,221	415	86	N/A(*)	653	1,154	1.23	19.9%	
	-78	7		-14	-85	-63	9		-12	-67	0.01	-1.3p.p.	
2-Play	●	●	●	●	462	●	●	●	●	438	2.22	11.2%	24.3%
					-36					-24	0.00	0.5p.p.	0.6p.p.
3-Play	●	●	●	●	641	●	●	●	●	662	3.38	9.6%	41.5%
					6					21	0.00	2.2p.p.	1.9p.p.
4-Play	●	●	●	●	480	●	●	●	●	529	4.84	3.1%	100.0%
					59					49	0.02	0.7p.p.	
Total					2,804					2,783	2.58	13.0%	55.9%
					-56					-21	0.09	-0.3p.p.	2.6p.p.

(*) TV is not sold standalone, only in combination with Fixed Internet and/or Fixed Voice
(**) Cancellation is only taken into account when the household/small office cancels all its plays
(***) % multi-play HH that have at least one Mobile component; i.e. a convergent household/small office

In 2015, the Consumer Business Unit generated EUR 2,889 million underlying revenue, of which EUR 2,188 million or 76% came from X-play households.
The revenue from 4-play households showed continued growth, ending 2015 with EUR 705 million, up by 12.8% from the prior year. This resulted from the combined favorable evolution of the number of 4-play households together with the average revenue per 4-play household (ARPH) increasing to EUR 115.9, up by 0.2% compared to 2014.
The 3-Play revenue increased as well, up by 3.0% compared to 2014 due to a better product mix and increased RGU.

Revenues (*) per x-play in EUR million

	FY 2014	FY 2015	YoY change € million	YoY change %
Total	2119	2188	69	3.3%
1-Play	520	510	-10	-2.0%
2-Play	336	316	-20	-6.0%
3-Play	638	657	19	3.0%
4-Play	625	705	80	12.8%

Average revenue in EUR per x-play (EUR)

	FY 2014	FY 2015	YoY change €	YoY change %
Total	62.4	65.5	3.1	4.9%
1-Play	34.3	36.0	1.8	5.2%
2-Play	58.3	58.7	0.4	0.7%
3-Play	83.7	84.1	0.4	0.4%
4-Play	115.7	115.9	0.2	0.2%

(*) unaudited revenue, might be subject to small changes

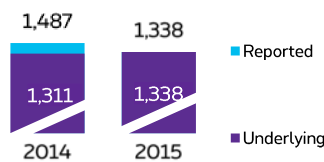
Enterprise Business Unit – EBU

- Revenue for 2015 up by 2.1% from the prior year
- Mobile Services revenue trend turned positive again early 2015, supported by larger customer base and favorable ARPU trend
- ICT revenue up by 2.3% compared to 2014 in spite of termination of large contracts early 2015
- Direct Margin up by 0.7%, growth from Mobile Services partly offset by ICT revenue mix

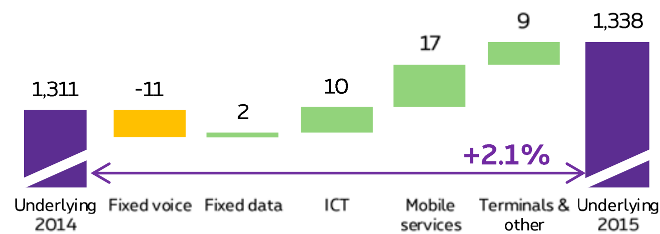
Revenue

For 2015, the Enterprise business unit posted total underlying revenue of EUR 1,338 million, or an improvement of 2.1% compared to 2014. This was for a large part driven by Mobile Services revenue, for which the trend turned positive again as of early 2015. Benefitting from a larger Mobile customer base, and higher revenue from national data usage and roaming, EBU's revenue from Mobile services increased by 5.6% in 2015. Within the Fixed universe, higher revenue from ICT and Fixed Data more than compensated for the lower Fixed Voice revenue.

Revenue (in m€)



Underlying Revenue evolution by product group (in m€)

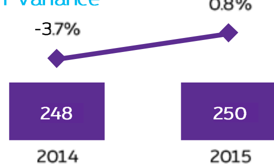


Revenue from Fixed Data supported by Data connectivity services

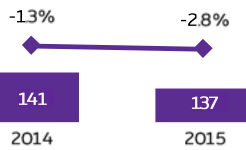
The 2015 revenue from Fixed Data, consisting of Fixed Internet and Data Connectivity revenue, totaled EUR 250 million. Over the quarters of 2015, the revenue trend showed improvement, with revenue 0.8% above that of 2014 by the end of the year. The favorable evolution was driven by Data Connectivity services following the roll-cut of a number of large customer projects on the Proximus Explore[9] platform. Revenue from Fixed Internet remained fairly stable year-on-year. End-2015 EBU counted 137,000 Fixed Internet lines, 2.8% less than one year ago. This was however largely compensated for by the ARPU of EUR 43.9, 2.2% up from last year following the upward price changes on 1 July 2015.

[9] Explore is Proximus' fast, reliable and secure virtual private network offer.

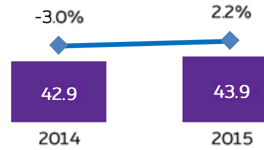
Fixed data revenue (in m€) & YoY variance



Fixed internet customers (in '000) & YoY variance



Fixed internet ARPU (in€) &YoY variance



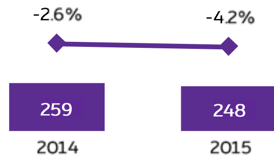
+2.3%
ICT revenue growth

Underlying ICT revenue grew by 2.3%
For full-year 2015 EBU posted EUR 455 million underlying ICT revenue. This is 2.3% more compared with 2014, in spite of the termination of some significant ICT contracts early 2015. EBU was able to more than compensate for this loss by landing new major deals.

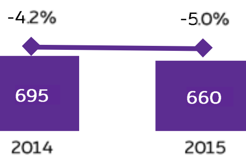
Revenue from Fixed Voice remains impacted by Fixed Line erosion

For 2015, EBU posted EUR 248 million revenue from Fixed Voice lines, which is 4.2% less than for 2014. This resulted from continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and the move to VoIP. In the course of 2015, the line erosion equaled 35,000 bringing the total Fixed line base to 660,000, i.e. a year-on-year lines loss of 5%. The 2015 Fixed Voice ARPU of EUR 30.5 was 0.6% higher than for 2014, strengthened by the upward price revision since 1 July 2015.

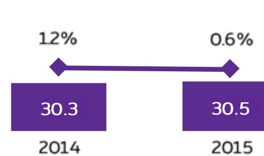
Fixed voice revenue (in m€) & YoY variance



Fixed voice customers (in '000) & YoY variance



Fixed voice ARPU (in €) & YoY variance



+5.6%
Mobile Services revenue

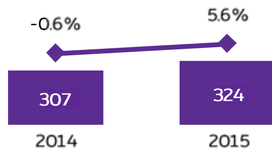
For full-year 2015, EBU posted Mobile Services revenue of EUR 324 million, or 5.6% more than for 2014. The revenue from Mobile Services turned positive again in early 2015, and accelerated its positive trend from then on. As the regulated roaming rate cuts annualized on 1 July 2015, EBU has fully benefitted from its growing mobile customer base since mid-2015. Machine-to-machine (M2M) and free data cards excluded, EBU grew its mobile cards by 3.6% over a one-year period, to a total of 894,000. With the roll-out of the Road User Charging project[10] the number of M2M cards activated in the second half of 2015 was boosted. EBU added a total of 277,000 M2M cards in 2015. All combined, EBU counted 1,470,000 mobile cards by end-2015, 26.7% more than one year ago.

Besides the growing customer base, the Mobile Services revenue also continued to benefit from an improved tiering in the Medium Enterprise segment, high-end prices plans gaining traction, and increased data usage. This resulted from a greater smartphone penetration and a growing number

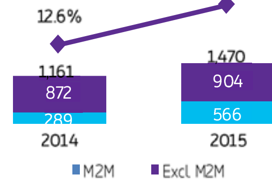
[10] Road User Charging is a project in which Proximus acts as a subcontractor for "Satellic", offering data center, M2M and Explore services to implement distance-based road charging in Flanders, Wallonia and Brussels for trucks as from April 2016.

of 4G users. These beneficial usage evolutions, and the fading of the roaming impact, had a favorable effect on ARPU. As of the third quarter 2015, the Mobile ARPU showed a year-on-year growth for the first time in a long while. The full-year 2015 ARPU totaled EUR 29.7, up by 0.5% from the previous year.

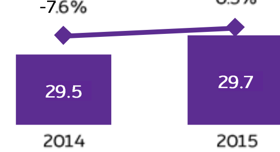
Mobile services revenue (in m€) & YoY variance



Mobile customers (in '000) & YoY variance



Mobile blended ARPU (in €) & YoY variance

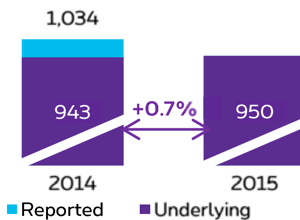


EBU Direct Margin

Direct Margin (in m€)

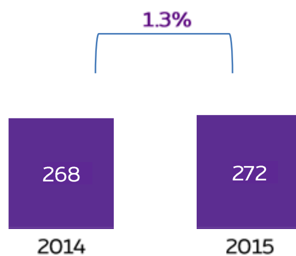
+0.7%
Direct Margin

EBU grew its underlying Direct Margin by 0.7%
The solid revenue growth for Mobile Services resulted in a positive Direct Margin evolution compared with the year before. For 2015, EBU posted EUR 950 million Direct Margin, 0.7% up from the previous year.

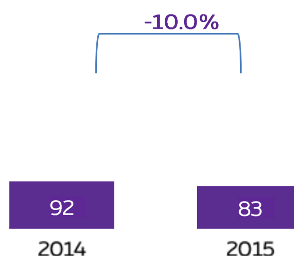


EBU underlying operating expenses

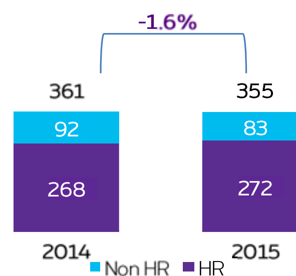
HR expenses (in m€)



Non-HR expenses (in m€)



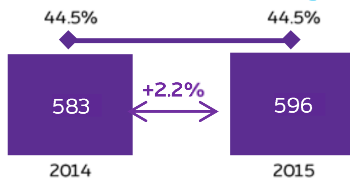
Total expenses (in m€)



Over the year 2015, **EBU's total expenses were EUR 355 million, 1.6% lower than for 2014**. HR-related expenses ended 1.3% higher year-on-year, in a people intensive ICT business. Non-HR expenses were down by 10% in 2015, including the impact from some efficiency gains and a positive bad debt impact.

EBU Segment result and contribution margin

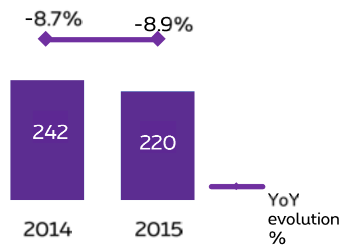
Segment result (in m€) & margin



EBU's underlying segment results for 2015 amounted to EUR 596 million, a 2.2% increase compared to 2014.

Technology & Wholesale – TEC&W

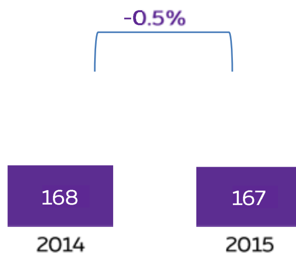
Underlying Revenue[11] (in m€)



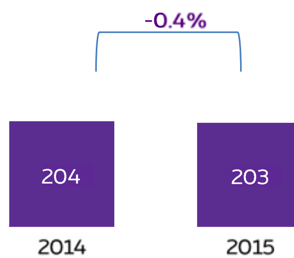
Revenue within the TEC&W segment relates mainly to Proximus' wholesale activities. Over the full-year 2015, **TEC&W posted EUR 220 million revenue, or 8.9% less than for 2014.** The wholesale revenue showed a decline in 2015 due to the impact from the outphasing of Snow customers following Base's decision to stop its Fixed triple-play offer. However, the reduction in wholesale lines was largely compensated for through the Proximus retail offer as the larger part of the former Snow customers opted for Proximus' low-cost brand Scarlet.
Furthermore, the wholesale revenue was pressured by the decline in traditional wholesale business.

Decline in Wholesale revenue partly compensated for through retail offers.

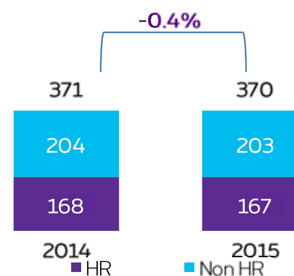
HR expenses (in m€)



Non-HR expenses (in m€)



Total expenses (in m€)

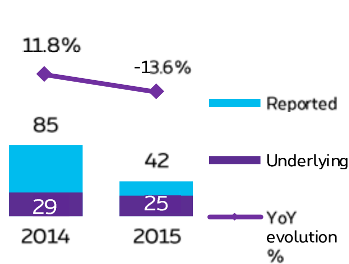


TEC&W posted EUR 370 million expenses, or a slight decrease versus the prior year. The lower non-HR expenses following the cost optimization projects were partly offset by higher tax provisions
HR-expenses for 2015 were slightly down by 0.5% due to a lower headcount following natural attrition.

[11] No impact from the reported incidentals

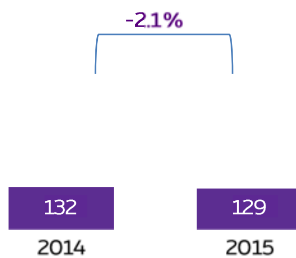
Staff & Support – S&S

Revenue (in m€)

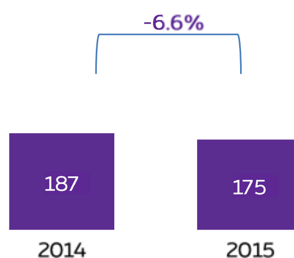


Total S&S revenue includes capital gains from building sales which were higher in 2014 than in 2015.

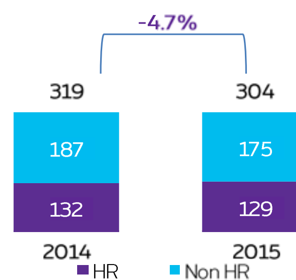
HR expenses (in m€)



Non-HR expenses (in m€)



Total expenses (in m€)



The total S&S expenses for 2015 amounted to EUR 304 million, 4.7% less than for 2014. The **HR expenses** of EUR 129 million recorded for 2015 were 2.1% below those of 2014 mainly as a result of a lower personnel base. The **non-HR expenses** for 2015 totaled EUR 175 million, a 6.6% decrease compared to the prior year. The decrease was mainly attributable to non-HR-related provision updates in 2015, a high comparable base in 2014 that included a EUR 4 million negative impact from the re-measurement to fair value of financial instruments related to commodities, and some efficiency gains.

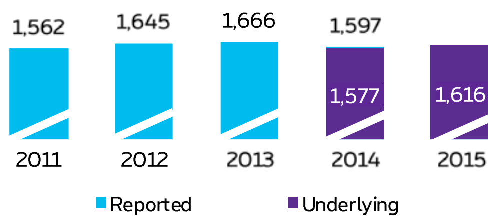
International Carrier Services – BICS

- Firm revenue growth of 2.5% to EUR 1,616 million
- Voice Direct Margin benefitted from favorable yet volatile market conditions
- Non-Voice Direct Margin up 15% following volume effect and positive currency impact
- BICS posted record segment result of EUR 160 million

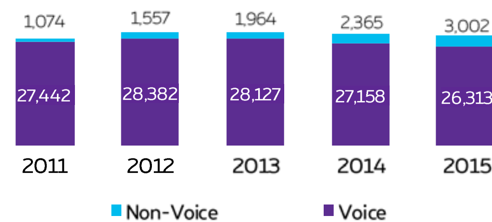
Revenue and volumes

BICS maintained its grip on its leadership position in the international communications market in 2015, **posting total revenue of EUR 1.616 million, i.e. 2.5% more than for 2014**. This resulted from a solid growth in non-voice revenue, up year-on-year by 15.4%, driven by a steep volume increase (+26.9%). In line with market trends, the volume of Voice minutes lessened with BICS handling 26,313 million minutes, -3.1% compared to the previous year. This was however compensated for by a positive currency impact in 2015, leading to a fairly stable Voice revenue.

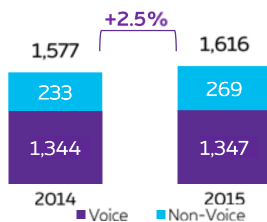
Revenue (in m€)



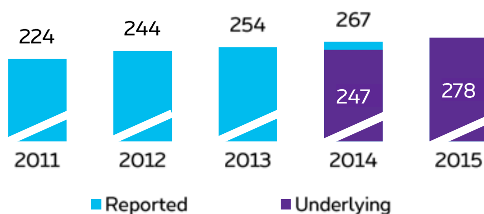
Volumes (in million)



Underlying Revenue split (in m€)



Direct Margin (in m€)

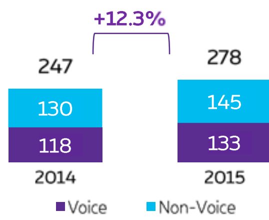


BICS posted for 2015 a total Direct Margin of EUR 278 million, a 12.3% increase from the prior year. This resulted from the favorable variance for both Voice, for which the Direct Margin increased by 12.8% as a result of favorable, yet volatile market conditions, and for non- Voice, for which the Direct Margin increased by 11.9% following the volume growth, and a favorable USD impact.

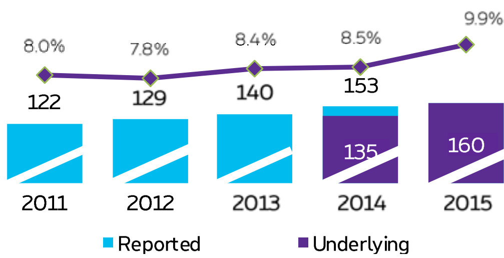
BICS' Direct Margin increased by

12.3%

Underlying Direct Margin split (in m€)

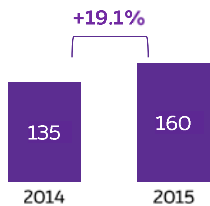


Segment result (in m€) & margin



BICS's segment result for full-year 2015 totaled EUR 160 million, a 19.1% increase from 2014, on an underlying basis. The Direct Margin growth was only in a limited way offset by higher HR expenses, mainly driven by higher headcount to support investments in growing segments and performance related incentives.

Underlying segment result (in m€)



From reported to underlying Revenue and EBITDA

(EUR million)	Revenue		EBITDA	
	2014	2015	2014	2015
Reported	6,112	6,012	1,755	1,646
Underlying	5,864	5,994	1,653	1,733
Incidentals - Total	248	17	102	-87
Non Recurring Items	62	0	34	2
Other incidentals	187	17	67	-90
Non-recurring items:	62	0	34	2
Gain/losses from disposals Telindus - BICS	62	0	27	0
Other : mainly resulting from a partial settlement of a post-employment benefit plan.	0	0	7	2
Other incidentals:	187	17	67	-90
Impact from disposed companies	*141*	*0*	*3*	*-1*
- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)	*7*	*0*	*0*	*0*
- EBU: Divesture of Telindus FR (May 2014) and UK (December 2014)	*134*	*0*	*3*	*-1*
Network related dispute	*0*	*0*	*22*	*10*
Comp. payment Pension transfer	*0*	*0*	*10*	*0*
Stock Options	*0*	*0*	*-14*	*0*
Capital gains on building sales	*46*	*17*	*46*	*17*
Transformation & Rebranding	*0*	*0*	*-16*	*0*
Settlement agreement on mobile tariff related litigation	*0*	*0*	*0*	*-116*
Others	*0*	*0*	*16*	*0*

Quarterly results

Group – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	1,480	1,631	1,486	1,515	6,112	1,482	1,511	1,509	1,509	6,012
EBITDA	405	559	435	356	1,755	425	456	344	421	1,646
UNDERLYING										
Revenues per Business Unit	1,403	1,483	1,472	1,506	5,864	1,479	1,505	1,509	1,502	5,994
Core underlying revenue	1,046	1,068	1,062	1,111	4,287	1,080	1,094	1,088	1,117	4,379
Consumer	675	699	705	724	2,803	711	726	720	732	2,889
Enterprise	322	327	317	345	1,311	329	327	332	350	1,338
Technology & Wholesale	64	60	60	58	242	55	58	55	52	220
Staff & Support	7	8	7	8	29	8	5	5	7	25
Inter-segment eliminations	-23	-25	-26	-25	-98	-23	-23	-23	-24	-93
International Carrier Services	357	415	410	395	1,577	399	411	420	385	1,616
Costs of materials and charges to revenues (*)	-529	-593	-581	-627	-2,330	-590	-590	-592	-605	-2,377
Direct Margin	874	889	891	879	3,533	890	915	917	896	3,617
Direct Margin %	*62.3%*	*60.0%*	*60.5%*	*58.4%*	*60.3%*	*60.1%*	*60.8%*	*60.8%*	*59.7%*	*60.3%*
Total expenses before D&A	-466	-458	-458	-498	-1,880	-467	-465	-470	-482	-1,884
Personnel expenses and pensions (**)	-255	-258	-258	-243	-1,014	-251	-254	-266	-241	-1,011
Other operating expenses (***)	-211	-201	-200	-255	-867	-216	-212	-204	-242	-873
EBITDA	408	431	433	382	1,653	423	450	447	414	1,733
Segment EBITDA margin %	*29.1%*	*29.1%*	*29.4%*	*25.3%*	*28.2%*	*28.6%*	*29.9%*	*29.6%*	*27.6%*	*28.9%*

(*) referred to as "Cost of sales" in the document

(**) referred to as "HR costs" in the document

(***) referred to as "Non-HR costs" in the document

CBU – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	680	701	705	724	2,810	711	726	720	732	2,889
Segment Result	342	357	360	335	1,394	354	368	371	345	1,438
UNDERLYING										
Revenues	675	699	705	724	2,803	711	726	720	732	2,889
From Fixed	353	355	357	364	1,430	366	369	376	379	1,490
Voice	144	143	142	143	572	139	137	139	137	552
Data (Internet & Data Connectivity)	127	130	130	132	520	135	137	142	144	558
TV	68	69	72	76	286	79	82	83	85	328
Terminals (excl. TV)	6	5	6	6	22	6	6	6	6	23
ICT	8	7	7	7	29	7	7	7	8	30
From Mobile	268	288	289	298	1,142	288	295	283	287	1,154
Mobile Services	243	253	252	252	1,000	248	255	256	251	1,010
Terminals	25	35	36	46	143	40	40	27	37	144
Subsidiaries	28	28	30	31	117	31	31	33	35	130
Tango	28	28	30	31	117	31	31	33	35	130
Other	26	28	30	31	114	27	30	28	30	114
Of which Installation & Activation	5	5	6	5	21	6	5	5	4	20
Costs of materials & charges to revenues	-152	-163	-162	-196	-672	-171	-174	-160	-187	-692
Direct Margin	524	535	544	528	2,131	541	552	559	544	2,196
Direct Margin %	*77.6%*	*76.6%*	*77.1%*	*72.9%*	*76.0%*	*76.0%*	*76.0%*	*77.7%*	*74.4%*	*76.0%*
Total expenses before D&A	-181	-183	-183	-192	-739	-186	-183	-188	-199	-756
Personnel expenses and pensions	-102	-102	-102	-95	-400	-99	-99	-101	-92	-391
Other operating expenses	-80	-81	-81	-97	-339	-87	-84	-87	-107	-365
Segment result	342	353	361	336	1,392	354	369	371	346	1,440
Segment contribution margin %	*50.7%*	*50.5%*	*51.2%*	*46.4%*	*49.6%*	*49.8%*	*50.8%*	*51.6%*	*47.2%*	*49.8%*

CBU – Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)	3,722	3,716	3,713	3,724	3,724	3,789	3,810	3,811	3,830	3,830
Voice	2,172	2,153	2,137	2,126	2,126	2,140	2,136	2,121	2,112	2,112
Broadband	1,550	1,563	1,576	1,598	1,598	1,649	1,674	1,690	1,718	1,718
TV (thousands)	1,495	1,525	1,558	1,593	1,593	1,657	1,692	1,716	1,759	1,759
Unique Customers	1,225	1,244	1,264	1,288	1,288	1,340	1,365	1,384	1,414	1,414
of which multiple settop boxes	269	281	294	304	304	317	327	332	345	345
ARPU (EUR)										
ARPU Voice	22.0	22.0	22.1	22.3	22.1	21.8	21.4	21.7	21.6	21.6
ARPU broadband	27.5	27.8	27.8	27.7	27.7	27.6	27.5	28.2	28.0	27.9
ARPU TV	18.8	18.7	19.3	19.9	19.2	19.9	20.2	20.0	20.1	20.1
From Mobile										
Number of active customers (thousands)	4,173	4,195	4,198	4,232	4,232	4,230	4,229	4,236	4,246	4,246
Prepaid	1,580	1,535	1,495	1,457	1,457	1,416	1,376	1,341	1,307	1,307
Postpaid	2,593	2,660	2,702	2,775	2,775	2,815	2,853	2,895	2,939	2,939
Among Which Paying cards	2,199	2,240	2,256	2,306	2,306	2,333	2,359	2,393	2,430	2,430
Among Which Internet Everywhere cards	394	421	446	469	469	482	494	502	509	509
Annualized churn rate (blended)										
Prepaid	32.5%	33.6%	35.3%	32.8%	33.4%	33.7%	32.7%	35.0%	35.4%	34.2%
Postpaid	15.2%	14.3%	16.3%	18.3%	16.1%	15.4%	13.4%	13.8%	15.6%	14.5%
Blended	22.8%	22.6%	24.2%	24.3%	23.4%	22.7%	20.9%	21.9%	23.0%	22.1%
Net ARPU (EUR)										
Prepaid	11.8	12.6	11.7	11.7	11.9	10.7	11.2	10.4	10.0	10.5
Postpaid	28.4	29.2	29.5	29.3	29.1	29.0	29.6	30.0	29.1	29.4
Blended	21.3	22.3	22.3	22.3	22.1	22.0	22.7	22.8	22.3	22.5
Average Mobile data usage/user/month (Mb)										
4G	642	789	841	826		855	851	920	945	
Blended	253	309	357	396		474	511	581	627	

CBU – X-Play reporting

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
Households/Small Offices per Play - Total (thousands)	**2,851**	**2,831**	**2,806**	**2,804**	**2,804**	**2,799**	**2,786**	**2,777**	**2,783**	**2,783**
1 - Play	1,293	1,265	1,232	1,221	1,221	1,198	1,177	1,163	1,154	1,154
Fixed Voice	534	516	497	479	479	459	444	430	415	415
Fixed Internet	73	73	75	77	77	80	82	84	86	86
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	686	675	660	665	665	659	650	648	653	653
2 - Play	487	481	472	462	462	454	449	443	438	438
3 - Play	634	633	637	641	641	649	652	654	662	662
4 - Play	436	451	465	480	480	498	509	517	529	529
Revenues per x - play (EUR million)	**515**	**529**	**537**	**539**	**2,119**	**538**	**544**	**555**	**551**	**2,188**
1 - Play	128	131	132	130	520	128	126	129	126	510
2 - Play	85	85	84	83	336	80	79	80	78	316
3 - Play	156	159	161	162	638	161	164	166	166	657
4 - Play	146	154	160	165	625	169	175	180	181	705
Average revenue x - play (in EUR)	**60.1 €**	**62.0 €**	**63.5 €**	**64.1 €**	**62.4 €**	**64.1 €**	**65.1 €**	**66.6 €**	**66.0 €**	**65.5 €**
1 - Play	32.7 €	34.1 €	35.1 €	35.2 €	34.3 €	35.3 €	35.7 €	36.9 €	36.3 €	36.0 €
2 - Play	57.7 €	58.1 €	58.6 €	59.0 €	58.3 €	58.2 €	58.1 €	59.5 €	59.2 €	58.7 €
3 - Play	82.1 €	83.7 €	84.6 €	84.5 €	83.7 €	83.4 €	83.9 €	84.9 €	84.0 €	84.1 €
4 - Play	113.4 €	115.8 €	116.9 €	116.5 €	115.7 €	115.0 €	116.0 €	117.2 €	115.3 €	115.9 €
Average #RGUs per househould/Small Office - Total	**2.41**	**2.44**	**2.47**	**2.50**	**2.50**	**2.52**	**2.55**	**2.57**	**2.58**	**2.58**
1 - Play	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.23	1.23	1.23
2 - Play	2.23	2.22	2.22	2.23	2.23	2.23	2.22	2.22	2.22	2.22
3 - Play	3.36	3.37	3.37	3.38	3.38	3.38	3.38	3.38	3.38	3.38
4 - Play	4.78	4.80	4.80	4.81	4.81	4.82	4.83	4.83	4.84	4.84
Annualized full churn rate (household/Small Office level) - Total	**12.9%**	**12.0%**	**14.1%**	**14.4%**	**13.3%**	**14.7%**	**12.0%**	**12.8%**	**12.6%**	**13.0%**
1 - Play	20.9%	19.3%	22.1%	22.6%	21.2%	22.4%	18.2%	19.0%	20.0%	19.9%
2 - Play	9.3%	9.3%	12.5%	11.8%	10.7%	12.2%	10.3%	11.8%	10.4%	11.2%
3 - Play	6.7%	6.1%	7.8%	8.8%	7.4%	10.5%	8.7%	10.1%	9.0%	9.6%
4 - Play	2.1%	2.0%	2.6%	2.9%	2.4%	3.7%	2.9%	3.1%	2.7%	3.1%
% Convergent HH / SO - Total	**50.7%**	**51.7%**	**52.5%**	**53.3%**	**53.3%**	**54.1%**	**54.7%**	**55.3%**	**55.9%**	**55.9%**
(i.e. % of HH/SO having Mobile + Fixed component)										
1 - Play										
2 - Play	23.3%	23.2%	23.5%	23.7%	23.7%	23.9%	24.0%	24.1%	24.3%	24.3%
3 - Play	37.7%	38.8%	39.4%	39.7%	39.7%	39.9%	40.5%	41.1%	41.5%	41.5%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBU - Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	395	407	330	355	1,487	329	327	332	350	1,338
Segment Result	142	194	143	115	594	147	146	148	153	594
UNDERLYING										
Revenues	322	327	317	345	1,311	329	327	332	350	1,338
From Fixed	239	241	233	257	971	238	236	242	256	971
Voice	67	65	63	64	259	64	62	61	61	248
Data (Internet & Data Connectivity)	63	62	61	62	248	62	62	63	63	250
TV	0	0	0	0	0	0	0	0	0	0
Terminals (excl. TV)	5	5	5	5	20	5	5	5	5	19
ICT	105	109	104	127	444	107	107	113	127	455
From Mobile	79	83	81	83	326	85	84	85	89	342
Mobile Services	76	79	77	75	307	79	80	82	83	324
Terminals	3	4	4	9	19	6	3	3	6	18
Other	3	3	3	5	14	6	7	5	6	24
Of which Installation & Activation	1	1	1	1	4	1	1	1	1	3
Costs of materials and charges to revenues	-87	-89	-85	-107	-368	-93	-90	-95	-109	-388
Direct Margin	235	238	231	239	943	236	236	237	241	950
Direct Margin %	*73.0%*	*72.9%*	*73.1%*	*69.1%*	*72.0%*	*71.7%*	*72.3%*	*71.4%*	*68.9%*	*71.0%*
Total expenses before D&A	-90	-91	-89	-91	-361	-88	-90	-89	-88	-355
Personnel expenses and pensions	-67	-69	-67	-65	-268	-67	-68	-72	-65	-272
Other operating expenses	-23	-23	-21	-26	-92	-21	-22	-17	-23	-83
Segment result	146	147	143	148	583	148	146	148	153	596
Segment contribution margin	*45.2%*	*44.9%*	*45.1%*	*42.8%*	*44.5%*	*45.0%*	*44.7%*	*44.7%*	*43.8%*	*44.5%*

EBU - Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)	862	854	845	837	837	825	815	808	798	798
Voice	720	712	704	695	695	686	677	670	660	660
Broadband	143	142	141	141	141	139	138	137	137	137
ARPU (EUR)										
ARPU Voice	30.7	30.4	29.8	30.3	30.3	30.8	30.1	30.3	30.7	30.5
ARPU Broadband	43.9	43.2	42.7	41.9	42.9	43.5	43.8	44.5	43.7	43.9

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Mobile										
Number of active customers (thousands)	1,069	1,095	1,121	1,161	1,161	1,179	1,200	1,338	1,470	1,470
Among which voice and data cards	827	844	854	863	863	869	879	885	894	894
Among which M2M	234	243	258	289	289	301	311	443	566	566
Among which Internet Everywhere Cards	8	8	9	9	9	10	10	10	10	10
Annualized churn rate (blended)	10.3%	10.1%	8.4%	10.0%	9.8%	11.3%	10.0%	8.9%	10.3%	10.1%
Net ARPU (EUR)										
Postpaid	30.1	30.5	29.4	28.2	29.5	29.3	29.7	30.0	30.0	29.7
Average Mobile data usage/user/month (Mb)										
4G	507	642	652	664		718	752	811	862	
Blended	290	349	387	414		488	529	590	645	

TEC&W - Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	64	60	60	58	242	55	58	55	52	220
Segment Result	-34	-28	-38	-43	-143	-44	-44	-44	-48	-180
UNDERLYING										
Revenues	64	60	60	58	242	55	58	55	52	220
Costs of materials and charges to revenues	-9	-9	-9	-9	-36	-9	-9	-8	-8	-34
Direct Margin	55	51	51	49	206	46	50	47	44	186
Direct Margin %	*85.6%*	*85.6%*	*84.6%*	*84.7%*	*85.1%*	*84.1%*	*85.2%*	*84.9%*	*83.8%*	*84.5%*
Total operating expenses before D&A	-89	-87	-89	-107	-371	-90	-94	-94	-91	-370
Personnel expenses and pensions	-41	-42	-44	-40	-168	-41	-41	-45	-40	-167
Other operating expenses	-48	-45	-45	-67	-204	-49	-53	-49	-52	-203
Segment result	-34	-35	-39	-57	-165	-44	-44	-48	-48	-183

TEC&W - Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)										
Voice (1)	10	10	9	9	9	9	9	9	8	8
Broadband (1)	1	1	1	1	1	1	1	1	1	1
From Mobile										
Number of active Mobile customers (thousands)										
Retail (1)	10	10	10	10	10	11	10	10	10	10
MVNO	6	7	10	11	11	11	11	11	12	12

(1) i.e. Proximus retail products sold via TEC&W (OLO's own usage and reselling)

S&S - Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	7	64	7	8	85	11	12	6	14	42
Segment Result	-75	-17	-67	-83	-242	-71	-60	-171	-64	-366
UNDERLYING										
Revenues	7	8	7	8	29	8	5	5	7	25
Costs of materials and charges to revenues	0	0	0	0	0	0	0	0	0	0
Personnel expenses and pensions	-34	-34	-34	-31	-132	-33	-32	-34	-29	-129
Other operating expenses (***)	-49	-41	-44	-53	-187	-50	-41	-36	-48	-175
Segment result	-76	-67	-71	-76	-290	-75	-67	-65	-71	-279

BICS - Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	357	434	410	395	1,597	399	411	420	385	1,616
Segment Result	30	53	38	32	153	39	47	41	34	160
UNDERLYING										
Revenues	357	415	410	395	1,577	399	411	420	385	1,616
Revenues from Voice	304	357	346	336	1,344	335	347	347	318	1,347
Revenues from non-Voice	53	57	64	59	233	65	64	73	67	269
Costs of materials and charges to revenues	-298	-352	-346	-333	-1,330	-335	-336	-348	-320	-1,338
Direct Margin	58	62	64	62	247	65	75	73	65	278
Direct Margin %	*16.2%*	*14.9%*	*15.6%*	*15.7%*	*15.7%*	*16.3%*	*18.2%*	*17.4%*	*16.9%*	*17.2%*
Total expenses before D&A	-28	-28	-26	-30	-113	-26	-29	-32	-32	-118
Personnel expenses and pensions	-11	-11	-12	-12	-47	-12	-14	-13	-15	-53
Other operating expenses	-17	-17	-14	-18	-66	-14	-15	-19	-17	-64
Segment result	30	35	39	32	135	39	47	41	34	160
Segment contribution margin %	*8.4%*	*8.4%*	*9.5%*	*8.1%*	*8.6%*	*9.8%*	*11.4%*	*9.7%*	*8.7%*	*9.9%*

Risk Management

2015

proximus

This section presents an overview of the Group's Risk Management including a description of its major risks and uncertainties and its main mitigation efforts.

Taking risks is inherent in doing business and successfully managing risks delivers return to Proximus stakeholders. Proximus believes that risk management is fundamental to corporate governance and the development of sustainable business. The Group has adopted a risk philosophy that is aimed at maximizing business success and shareholder value by effectively balancing risk and reward. The objective of risk management is not only to safeguard the Group's assets and financial strength but also to protect Proximus' reputation. A structured risk management process allows management to take risks in a controlled manner. Financial risk management objectives and policies are reported in Note 33 of the consolidated financial statements, published on the Proximus website. Risks related to important ongoing claims and judicial procedures are reported in Note 35 of these statements. The enterprise and financial reporting risks are detailed below, together with the related mitigating factors and control measures. Note that this is not intended to be an exhaustive analysis of all potential risks Proximus might be facing.

Enterprise-wide risks

The Group's Enterprise Risk Management (ERM) covers the spectrum of business risks ("potential adverse events") and uncertainties that Proximus could encounter. Proximus ERM is a structured and consistent framework for assessing, responding to and reporting on risks that could affect the achievement of Proximus' strategic development objectives. It seeks to maximize value for shareholders by aligning risk management with the corporate strategy, assessing the emerging risk from regulation, new technologies on the market, and developing risk tolerance and mitigating strategies. Proximus ERM has been reviewed and updated every year since 2006. This risk assessment and evaluation takes place as an integral part of Proximus' annual strategic planning cycle. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/or qualitative aspects. The bottom-up identification and prioritization process is supported by a self-assessment template and validation sessions. The resulting report on major risks and uncertainties is then reviewed by the Executive Committee, the CEO and the Audit and Compliance Committee. Among the risks identified in the ERM exercise of 2015, the following risk categories were prioritized: Competitive market dynamics, Human Resource cost flexibility, Business model evolution, Long-term ambition vs Short-term return and Company Culture.

Competitive market dynamics

Proximus' business is primarily focused on Belgium, a small country with a few large telecom players, among which Proximus is the incumbent. Proximus is operating in growing (e.g. smartphones, mobile data, M2M, IT), maturing (e.g. Fixed Internet, post-paid mobile), saturated (e.g. fixed voice) or even declining (e.g. prepaid mobile) markets.

The market is in constant evolution, with competitive dynamics at play that might impact market value going-forward. The Telenet-Base merger, the entry of Mobistar into cable, the transfer of Telenet MVNO customers to the BASE network emptying capacity on the network of Mobistar, the acceleration of adoption of OTT applications disrupting the value of voice and messaging are important, non-exhaustive, factors that could lead to further pressure on the market.

Moreover, Proximus' main competitors Mobistar, BASE and Telenet, are subsidiaries of Orange and Liberty Global respectively, all large international operators able to leverage scale advantages. Nethys and Brutélé (commercial name VOO) are important local cable competitors in the South of the country.

A stronger combined competition (e.g. Telenet-Base), a new market entrant or radical price competition (e.g.

via cable wholesale) could cost Proximus market share or force the company to revise prices downwards, impacting negatively revenue and profit. This happened in 2012 when the entry into force of Belgium's new Telecom Law resulted in significant increase in Mobile customer churn. This, combined with aggressive competitor mobile pricing (in both retail and wholesale), forced Proximus to revise its mobile pricing offer at the end of 2012 and in 2013. Potential consolidation among cable operators is also still possible going forward.

Substitution of fixed line services (e.g. by apps and social media like Skype, Facebook, Whatsapp, etc.) and TV content (such as Stievie) could put further pressure on revenues and margins as these over-the-top services are further gaining ground.

Nevertheless, as a result of its long-term strategy and continued network investments (Fiber, VDSL/Vectoring, 4G/4G+, Mobile Coverage Extender, Wi-Fi Extender) Proximus has been consistently improving its multi-play value propositions by putting more customers on the latest technologies, keeping the lead in mobile innovation, structurally improving customer service, partnering with content and OTT players to offer a broad portfolio of content (Sports, Netflix, families & kids, …) , developing an omnichannel strategy and improving digital customer interfaces, … Proximus built itself an advantageous competitive position providing the company with other competitive levers than just price, reducing the risk to churn and price disruption exposure.

Cable operators choose for vertical integration of the value chain, by buying content or even participations in broadcast channels. Proximus is responding to these threats through a convergent and bundled approach and by offering new services (e.g. TV Replay, Proximus Cloud, Smart and Safe Living) and opting for an aggregator model, putting at disposal the best content to its customers (e.g. Netflix).

In 2015, Proximus continued to leverage and nurture its single convergent brand, building on its former mobile brand Proximus. The price-sensitive segment is still addressed via its subsidiary Scarlet. The latter offers attractively priced mobile and triple-play products.

In the SME market, besides the competitors also active in the Consumer market, we face competition from niche players in the different product markets. In the large-company market, Proximus faces competition from internationally oriented operators like Orange Business Services, Colt, Verizon Business and BT Belgium, and from integrators such as Dimension Data, Getronics, Cegeka and RealDolmen. The scattered competitive landscape drives price competition, which might further impact revenue and margins. Also Telenet's acquisition of Base could further drive price competition on the Enterprise mobile market.

Here also, Proximus intends to respond to increasing competition by strengthening its voice-data-IT convergence strategy, leveraging unmatched sales reach, broad portfolio and expertise. Addressing customer business needs through solutions combining core assets with innovation like IoT, Cloud, Security and big data will help preserving the value.

Upcoming roaming regulation could also trigger new kinds of competition on the market as from mid-2017.

The international carrier services market continues to be characterized by high volatility within its voice segment. Unit margins for both the legacy voice and data segments continue to be under significant pressure as a result of price competition, consolidation of competitors and the ease with which customers are able to change providers. If these two elements (volatility and unit price pressure) should continue and/or if BICS does not offset price decreases with increased volume on new activities, BICS' growth rate, operating revenue and net profit could come under pressure. In addition, the competitive pressure on the mobile data market continues to increase and therefore affect the growth profile of the International Carrier Services.

Human resources cost flexibility

With Proximus' margin having been under pressure for the past few years, the costs of the company need to be significantly reduced in order to preserve the EBITDA. A significant part of Proximus' expenses is driven by the cost of the workforce (whether internal or outsourced, expensed or capitalized). Expressed as a ratio of turnover, proximus total cost of workforce lies clearly above the average of international peers and main competitors.

Moreover, Belgium applies automatic inflation-based salary increases, leading to higher costs, not only of Proximus' own employees but also of the outsourced workforce, with the outsourcing companies being subject to the indexation as well.

At Proximus Group level, about one in three employees is statutory. The application of HR rules for statutory employees is quite strict and doesn't allow much flexibility. This may restrict Proximus' ability to improve efficiency and increase flexibility to levels comparable to those of its competitors.

Major efforts will be needed to increase flexibility and mobility within the organization. Business complexity is continuously increasing, creating a need for upgraded skills and up-staffing mainly in customer-facing functions.

In the digital era, knowledge workers are a competitive asset if they have the right skills and mindset. Proximus could face a shortage of skilled resources in very specific domains like security, digital front-ends, data science, agile IT, ... This shortage could hamper the realization of our convergent and customer-centric strategy and delay some of our ambitions in innovation. This is why the company is focusing so much attention on training programs, internal mobility, and selective hiring of young graduates from relevant fields of knowledge. Proximus' attractive employer brand is definitely helping to attract and retain the right talents.

Early 2016, negotiations are ongoing with the Unions to address the much-needed structural measures to further reduce the workforce. The aim is to enhance employability, to obtain more flexibility to move employees within the organization, to adapt the workforce faster in line with the actual workload, and to align remuneration items with common market practices.

Proximus has recently adapted and simplified the organizational structure in order to evolve towards a high-performance organization.

Different initiatives are ongoing to safeguard the balance between workforce and workload (both in numbers and competencies), to optimize in- and outsourcing, to stimulate (internal) mobility, and to drastically simplify and/or automate Proximus' product and services, processes and systems.

Business model evolution

Proximus' business model and financial performance have been and will be impacted by (disruptive) technologies, such as eSIM smartphone and OTT (over-the-top) services. Proximus' response to new technologies and market developments and its ability to introduce new competitive products or services, meaningful to its customers, will be essential to its performance and profitability in the long run.

The direct relationship with customers is a source of value and to lose part or all of it to those new entrants could affect revenues, margins, the financial position and the outlook of Proximus classical telecommunications product & services.

Like the other operators, Proximus will continue to experience a decline in traditional services (voice and

access), partly offset by the increase in revenues from innovative services, but the margins delivered by these new services are, on average, lower than the ones from legacy activities.

In response to this competition, Proximus aims to provide an improved answer to the needs of its customers by offering them integrated solutions that are composed of convergent products, including fixed and mobile communications solutions, service level agreements and managed services. Adding meaningful innovation and embracing relevant OTT partners will be instrumental to remain relevant to its customers .

Long-term ambitions vs. short-term returns

Finding the right balance between long-term ambitions and short-term return is always challenging in competitive and transforming businesses. As the industry moves to platform business and Software-driven services, the technology lifecycles are getting shorter putting more stress on return on investments.

In this context, making the necessary new technology investments today is crucial in order to create and secure future revenue streams. But this could sometimes come into conflict with the required short-term cost cuts needed to improve profitability.

The management is clearly committed to deliver the short-term targets while also preparing for the future.

To do so, the company has taken a number of strong decisions:

1. The absolute Capex level of the company has been raised since 2014 to give more oxygen to invest in networks and systems of the future. This increase allows to fund transformational and multi-year programs while maintaining the focus on the short term actions required to remain competitive (mobile leadership, migrations of customer to the latest available technologies, …).
2. The company focuses on a limited number of strategic investment clusters where the full company means are prioritized to support the top strategy objectives, our 'blue chips'. The company has also launched wide-scope efficiency programs (centered around simplification, digitization and high performance organisation) to gradually decrease costs with an ambition to decrease total Opex by €100M during the period going from 2013 to 2018.
3. Transversal programs have been kicked-off (digitization, IT transformation, …) aiming at building, in an end-to-end fashion, the right capabilities, flexibility and enablers to deliver on Proximus' ambitious strategy, to respond more quickly to a fast-changing environment, and to capture opportunities. These programs foresee dedication of means in order to secure the delivery of longer term roadmaps.
4. A long term incentive scheme is in place to favor a long-term value creation mind-set among top management while common annual objectives are set at Group level to favour short- and long-term company interests.

Company culture

In current market dynamics, where technology and customer needs evolve always faster, the risk of organisational inertia is real. If Proximus can't adapt fast enough to market evolution, it risks losing its competitive edge.

Agile companies focus on the ability and capacity to anticipate and embrace changes in order to remain relevant to their customers.

Proximus "Good to Gold" culture is the driving force behind the company transformation towards an agile organisation.

This implies:

1. the sharing of common values: Agility, Collaboration and Accountability

Agility: Take an external view of customers and markets so we can harness our ability to anticipate change and challenge ourselves.

Collaboration: Work together in an enthusiastic and respectful way and be aligned to reach an agreed upon common objective.

Accountability: Be empowered; own a problem and then own the solution.

2. the development of a growth mind-set & mentality

It is people in an organization that ensure its success towards its ambitions. At Proximus, it is people with a growth mind-set that will realize our ambition for sustaining growth. Beyond believing in our goals and ambitions, a growth mind-set is a set of convictions we have about our qualities and skills, our ability to develop them further, becoming even better at what we do in a constant growing and learning mode.

A winning environment starts at the top and permeates the entire organization. In this way we create an environment that enables us to perform at our best and give our customers the best results. Therefore, the new culture was introduced top-down, starting from the top of the organisation. All leaders in the organization discovered the cultural insights during the Good to Gold training sessions given by our internal facilitators.

Implementing a sustainable cultural change requires all Proximus employees discover and experience insights, supported and inspired by leaders with the necessary competences, to give coaching and feed-back essential to install and anchor a continuous growth mind-set.

In order to foster accountability, we are also providing field teams with a new approach - called Good to Gold teams – allowing them to improve their empowerment and focus their attention on the levers they have in hand.

Operational risks

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of Proximus businesses. It includes product life cycle and execution; product safety and performance; information management, data protection and cyber security; business continuity; supply chain; and other risks, including human resources and reputation. Depending on the nature of the risk involved and the particular business or function affected, Proximus is using a wide variety of risk mitigation strategies, including adverse scenario stress tests, back up/business continuity plans, business process reviews, and insurance. Proximus' operational risk measurement and management relies on the AMA (Advanced Measurement Approach) methodology. A dedicated "as-if" adverse scenario risk register has been developed in order to make stress tests relevant.

Proximus is covered by extended general and professional liability, property damage and business interruption insurance as well as a dedicated cyber security insurance program. Nevertheless, those insurance programs may not provide indemnification if the traditional insurance exclusions (non-accidental

event) should apply.

The most prominent examples of operational risk factors are stipulated below.

Business Continuity

Interruptions to our ICT infrastructure as well as to the infrastructure that supports our businesses (including those provided by third-party vendors such as power suppliers) could seriously impact our revenues, our liabilities and our brand reputation.

Therefore, building and improving resilience of our products and services is and remains a top priority. We are convinced that good business continuity plans will keep our company up and running through interruptions of any kind: power failures, IT system crashes, natural disasters, supply chain problems and more.

For each critical business function, business continuity plans have been developed in order to:

- identify and prevent risks where possible
- prepare for risks that we can't control
- respond and recover if an incident or crisis occurs

Proximus is closely following the Business Continuity Institute (BCI) best practices guidelines. The level of preparedness (relevant KPIs and score cards) is submitted annually to the Audit Committee. In case of a major adverse event, Proximus has put in place and is continuously testing a crisis management process called PERT (Proximus Emergency Response Team).

Cyber Security

Increased global cyber security vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of Proximus as well as its customers', partners', suppliers' and third-party service providers' products, systems and networks. The confidentiality, availability and integrity of Proximus and its customers' data are also at risk.

We are taking the necessary actions & investments to mitigate those risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans.

Supply chain

Proximus depends on key suppliers and vendors to provide equipment that it needs to operate its business.

Supply chain risk management (SCRM) is defined as "the implementation of strategies to manage both every day and exceptional risks along the supply chain, based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity.

The following actions have been taken into account in order to keep an acceptable supply chain risk level:

- Top critical suppliers or their sub-suppliers under constant watch
- Stock management
- Consideration of alternative sourcing arrangements
- Business interruption / contingency plans
- Risk assessments and audits
- Awareness campaigns and training programs

Data privacy protection

Data protection laws exist to strike a balance between the rights of individuals to privacy and the ability of organizations to use data for business purposes.

Considering that Proximus is committed to protecting personal data and privacy, the company has appointed a dedicated Data Protection Officer (DPO) which has for mission to:

1. Verify that customers' personal data are processed reliably and stored securely.
2. Monitor & Control to ensure the security of customer data.
3. Give assurance that Proximus is transparent in terms of the handling customers' and users' data at all stages of our relationship with them.
4. Provide support to our customers and users to help them to protect their privacy and manage their personal data better.
5. Give assurance that Proximus takes proper care of employee and customer data, explaining why and how we collect it and use it, and who can access it.

The Data Protection Officer will also steer a privacy committee gathering the various stakeholders in data management in order to coordinate the privacy action plan across the organisation.

Risk Management & Compliance Committee

In 2015, a Risk Management & Compliance Committee was created which reports to the Executive Committee. It oversees the Company's most critical enterprise & operational risks and how management is monitoring and mitigating those risks.

Proximus has general response strategies for managing risks, which categorize them according to whether the Company will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable Proximus risk and compliance guidelines.

A disciplined approach to risk is key in a fast-moving technological and competitive environment, in order to ensure that we only accept risk for which Proximus is adequately compensated (risk/return optimisation).

Financial reporting risks

In the area of financial reporting, in addition to the general enterprise risks also impacting the financial reporting (e.g. personnel), the major risks identified include: new transactions and evolving accounting standards, changes in tax law and regulations and the financial statement closing process.

New transactions and evolving accounting standards

New transactions could have a significant impact on the financial statements, either directly in the income statement or in the notes. An inappropriate accounting treatment could result in financial statements which do not provide a true and fair view any more. Changes in legislation (e.g. pension age, customer protection) could also significantly impact the reported financials. New accounting standards can require the gathering of new information and the adaptation of complex (billing) systems. If not timely and adequately foreseen, the timeliness and reliability of the financial reporting could be put at risk.

It is the responsibility of the Corporate Accounting department to follow the evolution in the area of evolving

standards (both local General Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)). Changes are identified and the impact on the Proximus financial reporting is proactively analyzed.

For every new type of transaction (e.g. new product, new employee benefit, business combination), an in depth analysis from a financial reporting, risk management, treasury and tax point of view is performed. In addition, the development requirements for the financial systems are timely defined and compliance with internal and external standards is systematically analyzed. Emphasis is on the development of preventive controls and setting up reporting tools that enable a posteriori controls.

On a regular base, the Audit & Compliance Committee (A&CC) and the Executive Committee are informed about new upcoming financial reporting standards and their potential impact on the Proximus financials.

Changes in tax law and regulations

Changes in tax laws and regulations (corporate income tax, VAT, …) or in their application by the tax authorities could significantly impact the financial statements. To ensure compliance, it is often required to set up, in a short timeframe, additional administrative processes to collect relevant information or to implement updates to existing IT systems (e.g. billing systems).

The tax department continuously follows potential changes in tax law and regulations as well as interpretations of existing tax laws by the tax authorities. Based on laws, doctrine, case law and political statements as well as draft laws available etc., an impact analysis is made from a financial perspective and from an operational point of view. The outcome of the analysis is reflected in the corresponding financial statements in accordance with the applicable framework.

Financial statement closing process

The delivery of timely and reliable financial statements remains dependent on an adequate financial statement closing process.

Clear roles and responsibilities in the closing process of the financial statements have been defined. During the monthly, quarterly, half-yearly and annual financial statement closing processes, there is a continuous monitoring on the different steps. In addition, different controls are performed to ensure quality and compliance with internal and external requirements and guidelines.

For Proximus and its major affiliates, a very detailed closing calendar is established, which includes in detail cross-divisional preparatory meetings, deadlines for ending of specific processes, exact dates and hours when IT sub-systems are locked, validation meetings and reporting deliverables.

For every process and sub-process, different controls are performed, including preventive controls, where information is tested before being processed, as well as detective controls, where the outcome of the processing is being analyzed and confirmed. Specific attention is given to reasonableness tests, where financial information is being analyzed against more underlying operational drivers and coherence tests, where financial information from different areas is brought together to confirm results or trends, etc.. Tests on individual accounting entries are performed for material or non-recurrent transactions and on a sample basis for others. The combination of all these tests provides sufficient assurance on the reliability of the financials.

Internal Control System

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The Proximus Board of Directors is responsible for the assessment of the effectiveness of the systems for internal control and risk management.

Proximus has set up an internal control system based on the COSO model, i.e. the integrated internal control and enterprise risk management framework published by the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") for the first time in 1992 and updated in May 2013. This COSO methodology is based on five areas: the control environment, risk analysis, control activities, information & communication and monitoring.

Proximus' internal control system is characterized by an organization with a clear definition of responsibilities, next to sufficient resources and expertise, and also appropriate information systems, procedures and practices. Proximus cannot guarantee that this internal control will be sufficient in all circumstances as risks of misuse of assets or misstatements can never be totally eliminated. However, Proximus organizes a continuous review and follow-up of all the components of its internal controls and risk management systems to ensure they remain adequate.

Proximus considers the timely delivery to all its internal and external stakeholders of complete, reliable and relevant financial information in conformity with International Financial Reporting Standards (IFRS) and with other additional Belgian disclosure requirements as an essential element of management and governance. Therefore, Proximus has organized its internal control and risk management systems over its financial reporting in order to ensure this objective is met.

Control environment

Organization of internal control

In accordance with the bylaws, Proximus has an Audit & Compliance Committee (A&CC). Its role is to assist and advise the Board of Directors in its oversight on (i) the financial reporting process, (ii) the efficiency of the systems for internal control and risk management of Proximus, (iii) the Proximus' internal audit function and its efficiency, (iv) the quality, integrity and legal control of the Proximus statutory and the consolidated financial statements, including the follow up of questions and recommendations made by the auditors, (v) the relationship with the Group's auditors and the assessment and monitoring of the independence of the auditors, (vi) Proximus compliance with legal and regulatory requirements, (vii) the compliance within the organization with the Proximus' Code of Conduct and the Dealing Code.

The A&CC meets at least once every quarter.

Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Conduct "A Socially Responsible Company". All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles, using the Group values (Collaboration, Agility and Accountability) as guiding principle.

The Code "A Socially Responsible Company", which is available on www.proximus.com, sets out the above-mentioned principles, and aims to inspire each employee in his or her daily behavior and attitudes. The ethical behavior is not limited to the text of the Code. The Code is a summary of the main principles and is thus not exhaustive.

In addition, Proximus in general, and the Finance department in particular, has a tradition of a high

importance to compliance and a strict adherence to a timely and qualitatively reporting.

Policies and procedures

The principles and the rules in the Code "A Socially Responsible Company" are further elaborated in the different internal policies and procedures. These Group policies and procedures are available on the Proximus intranet-sites. Every policy has an owner, who regularly reviews and updates if necessary. Periodically, and at moment of an update, an appropriate communication is organized.

In the financial reporting domain, general and more detailed accounting principles, guidelines and instructions are summarized in the accounting manuals and other reference material available on the Proximus intranet-sites. In addition, the Corporate Accounting department regularly organizes internal accounting seminars to update finance and non-finance staff on accounting policies and procedures.

Roles & responsibilities

Proximus' internal control system benefits from the fact that throughout the whole organization, roles and responsibilities are clearly defined. Every business unit, division and department has its vision, mission and responsibilities, while on individual level everybody has a clear job description and objectives.

The main role of the Finance Division is to support the divisions and affiliates by providing accurate, reliable and timely financial information for decision making, to monitor the business profitability and to manage effectively corporate financial services.

The team of the Corporate Accounting department assumes this accounting responsibility for the mother company Proximus and the major Belgian companies. They also provide the support to the other affiliates. For this centralized support, the organization is structured according to the major (financial) processes. These major processes include capital expenditures and assets, inventories, contracts in progress & revenue recognition, financial accounting, operational expenditures, provisions & litigations, payroll, post-employment benefits and taxes. This centralized support, organized around specific processes and IFRS standards, allows for in depth accounting expertise and ensures compliance with group guidelines.

The consolidation of all different legal entities into the Consolidated Financial Statements of the Proximus Group is done centrally. The Consolidation department defines and distributes information relating to the implementation of accounting standards, procedures, principles and rules. It also monitors changes in regulations to ensure that the financial statements continue to be prepared in accordance with IFRS, as adopted by the European Union. The monthly instructions for consolidation set forth not only the schedules for preparing accounting information for reporting purposes, but also includes detailed deadlines and items requiring particular attention, such as complex issues or new internal guidelines.

Skills & expertise

Adequate staffing is a matter to which Proximus pays careful attention. This requires not only sufficient headcount, but also the adequate skills and expertise. These requirements are taken into account in the hiring process, and subsequently in the coaching and formation activities, facilitated and organized by the Proximus Corporate University.

For financial reporting purposes, a specific formation cycle was put in place, whereby junior as well as senior staff have to participate mandatory. These internally and externally organized accounting seminars cover not

only IFRS but local accounting rules & regulations, Tax and Company law & regulations as well. In addition, the knowledge and expertise is also kept up to date and extended for more specific domains for which staff is responsible (revenue assurance, pension administration, financial products, etc.) through attendance to seminars and self-study. Furthermore, employees also attend general formations session on Proximus new business products & services.

Risk analysis

Major risks and uncertainties are reported in the caption '2. Risk Management'.

Risk mitigating factors and control measures

Mitigating factors and control measures are reported in the caption '2. Risk Management'.

Information and communication

Financial reporting IT systems

The accounting records of Proximus and most of its affiliates are kept on large integrated IT systems. Operational processes are often integrated in the same system (e.g. supply chain management, payroll). For the billing systems, which are not integrated, adequate interfaces and a monitoring system have been developed. For the consolidation purposes, a specific consolidation tool is used.

The organizational set-up and access management are designed to support an adequate segregation of duties, prevent unauthorized access to the sensitive information and prevent unauthorized changes. The set-up of the system is regularly subject to the review by the internal audit department or external auditors.

Effective Internal communication

Most of the accounting records today are kept under IFRS as well as local GAAP. In general, financial information delivered to management and used for budgeting, forecasting and controlling activities is established under IFRS. A common financial language used throughout the organization positively contributes to an effective and efficient communication.

Reporting and validation of the financial results

The financial results are internally reported and validated on different levels. On the level of processes, there are validation meetings with the business process owners. On the level of the major affiliates, a validation meeting is organized with the accounting and controlling responsible. On Proximus group level, the consolidated results are split per segment. For every segment, the analysis and validation usually includes comparison with historical figures, as well as budget-actual and forecast-actual analysis. Validation requires (absences of) variances to be analyzed and satisfactorily explained.

Afterwards, the financial information is reported and explained to the Executive Committee (monthly) and presented to the A&CC (quarterly).

Supervision and assessment of internal control

The effectiveness and efficiency of the internal control are regularly assessed in different ways and by different parties:

Each owner is responsible for reviewing and improving its business activities on a regular basis: this includes a.o. the process documentation, reporting on indicators and monitoring of those.
In order to have an objective review and evaluation of the activities of each organization department, Proximus' Internal Audit department conducts regular audits across the Group's operations. The independence of Internal Audit is ensured via its direct reporting line to the Chairman of the A&CC. Audit assignments performed may have a specific financial processes scope but will also assess the effectiveness and efficiency of the operations and the compliance towards the applicable laws or rules.
The A&CC reviews the quarterly interim reporting and the specific accounting methods. The main disputes and risks facing the Group are considered; the recommendations of internal audit are followed-up; the compliance within the Group with the Code of Conduct and Dealing Code is regularly discussed.
Except for some very small foreign affiliates, all legal entities of the Proximus Group are subject to an external audit. In general, this audit includes an assessment of the internal control, and leads to an opinion on the statutory financials and on the (half-yearly and annual) financials reported to Proximus for consolidation. In case the external audit reveals a weakness or identifies opportunities to further improve the internal control, recommendations are made to management. These recommendations, the related action plan and implementation status are at least annually reported to the A&CC.

Other Information

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Rights, commitments and contingencies as of 31 December 2015

Disclosures related to rights, commitments and contingencies are reported in note 35 of the consolidated financial statements.

Use of financial instruments

Disclosures related to the use of financial instruments are reported in note 33 of the consolidated financial statements.

Circumstances which may considerably impact the development of the Group

Circumstances which may considerably impact the development of the Group are reported in the sections Risk Management and Internal Control of this management report.

Research and development activities

In 2015, the Research & Development activities of Proximus covered various domains. A number of R&D activities have been started previously, and continued in 2015, whereas others have started new in 2015. R&D in Proximus covers studies and introductions of new technologies and services, and involves as well co-operation with other R&D actors.

To feed those innovation programs and to make sure that the major trends are embedded in the company strategy, blue prints are communicated towards the main stakeholders and the Technology Trends team has been reinforced. The goals are to scan and analyze the long term technical evolutions and disruptions, and to capture major trends in innovation & venturing linked to technology as well as the outcomes from standardization and industry policies.

Study of potential new technologies

Fixed access network

- A study has been started to investigate the potential of deploying fiber closer to the homes, by re-using the last meters of the existing copper pair or existing coax cable for connecting the home (solution based on G.Fast standards).
- A study was launched to investigate the potential of new technologies that would allow to significantly increase the download speed over existing copper pairs on short loops (solution based on 35 MHz standards).

- Proximus invested in the start-up Tessares, a spinoff of UCL, with the objective to develop a solution for a better internet experience by increasing the convergence between fixed and mobile networks. This development is based on the bundling of available capacity on access networks by implementing the Multipath TCP standard. As such, Proximus can combine fixed and mobile networks using existing infrastructure. The customers' benefits are more bandwidth, higher reliability and greater security while combining multiple networks. A successful Proof of Concept has been done on the Proximus network and the co-developed solution was awarded the '2015 Broadband Forum Highly Commented Award for

Greatest Advancement in the field of Fixed Mobile Convergence' in October 2015.

Mobile access network

- Proximus started investigations on how to further extend capacity in the mobile network on the long term, by applying other deployment models than those which are based on the traditional large mobile site towers. Those new deployment models also are key for the introduction of 5G later on.

Network simplification

- Proximus continued the studies related to the structural replacement of the Copper by Optical Fiber, with a focus on the connections between the switching locations and the street cabinets. The objectives are (1) to simplify the networks, (2) to provide a higher reliability, (3) to operate in a more efficient way and (4) to reduce the technical buildings, both in number and in size.

Service platforms

- Proximus started studies and preparations towards Proof of Concepts related to the introduction of new concepts in the service development, like Network Function Virtualization (NFV) and Software Defined Networks (SDN). These concepts are aiming at higher agility and lower cost-to-serve by (1) creating network abstraction for automated and fast deployment of services and (2) de-coupling the implementation of customer functionalities from the hardware to use standard equipment.

- Proximus has done a Proof Of Concept in close collaboration with its vendor in order to investigate how triangulated radio network signals can enhance its operational processes and future location insights services. Research was done on the information feed and analytical algorithms to gain insights.

- Together with some major Belgian broadcasters, Proximus is studying and testing via a Proof of Concept how advertising on TV can be done in a smarter and more personalized way, with the aim to offer a better user experience and creating new business models for the advertising sector.

Launch of new technologies or further enhancements of existing technologies

Fixed access network

- Proximus and Alcatel-Lucent continued their partnership on the development of VDSL technology, specifically around vectoring. Vectoring is a technology that enables the cancellation of interferences between copper lines and as such increases substantially the data throughput that can be offered. As a result of this partnership, Proximus was able to deliver downstream speeds of up to 100 Mbps on its network, now already available to more than 1 out of 4 customers. The implementation of the same concept on the upstream direction started at the end of the year and will yield improvements in 2016.

- After having previously conducted 3 pilots in 2015 (in Brecht, Bredene and the Up-Site tower in Brussels), Proximus started using Fiber-To-The-Home as the default deployment technology in new residential zonings.

Mobile access network

- As first operator in Belgium, Proximus rolled out 4G+ (or LTE-Advanced) technology in 20 cities. With a compatible smartphone, 4G+ enables mobile download speeds of up to 225 Mbps.

- Proximus started using new and advanced tools for in-depth analysis of local coverage and quality

performance to further improve its mobile coverage and experience inside buildings, on highways, in tunnels and public places.

- To provide a seamless experience to Proximus customers when on the move, a secure Smart Wi-fi solution was released to automatically switch between cellular 3G/4G network and the Proximus WiFi hotspots in Belgium.
- Proximus launched a commercial Internet of Things network based on the LoRa technology. The initial coverage contains 10 cities and logistic centers (harbour, airports) in Belgium and Luxembourg.

Network simplification

- Proximus started the development of the future transport network architecture and supporting technologies, aiming to cope with disruptive traffic growth, higher resiliency, as well as backbone network simplification.

Service platforms

- Proximus further developed the concept of Enabling Company aiming at tailored final end-user products by using the modular assets of Proximus and engaging customers, partners and developers through the use of programmable interfaces (API).
- For its TV service, Proximus introduced a totally new and improved Converged TV experience. For this, the TV user interface was completely re-designed and provides a common look and feel irrespective of the screen, be it TV, tablet or smartphone. The tablet and smartphone can also act as remote control for the TV screen. TV Replay became a standard offering in all packs, allowing to review programs up to 36 hours in the past. The launch of the Swipe Box allows users to easily display pictures and videos, taken with their smartphones and tablets, on the TV screen.

Open-innovation activities co-operating with other R&D actors

Next to these initiatives in the various phases of technology development, Proximus also has re-enforced its open-innovation activities co-operating with other R&D actors.

Proximus collaborates with leading universities, industrial partners and several other bodies, such as iMinds (Flanders' digital research & entrepreneurship hub), where Proximus is Member of its Board of Directors. Collaborations either take the form of partnerships in R&D&Innovation projects, as well as of sponsoring & advisory activities through Proximus' involvement in projects' Industrial Advisory Committees.

In 2015, Proximus started the Shift-TV project, an R&D project realized in partnership with industrial partners and universities to investigate advanced solutions for video streaming, including 4K. The participation to this project is partly funded by Innoviris (The Brussels Institute for Research and Innovation) under the framework of ICON, the iMinds' Cooperative Research Program.

Proximus also notified its R&D program to BELSPO (the Public Service for Science Policy) for the period 2014-2016. This program was guided by the 2014 strategy of the company focussing on simplification, convergence and targeted innovation. In 2015, activities part of this program concerned the study of the potential of new technologies, the launch of new technologies, as well as further enhancements of new technologies.

Treasury shares

Disclosures related to treasury shares are reported in note 17 of the consolidated financial statements.

Capital management

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

The latter was updated by the Proximus Board of Directors of 25 February 2010 and Proximus now commits to return, in principle, most of its annual cash flow before financing activities (or "Free Cash Flow"), to its shareholders. The return of free cash flow either through dividends or share buybacks will be reviewed on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective merger and acquisition projects, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

Furthermore, as approved by the Proximus Board of Directors on 27 February 2014, Proximus' Board of Directors intends to pay out a stable dividend of EUR 1.50 per share (interim dividend of EUR 0.50 and ordinary dividend of EUR 1.00) for the next 3 years to come (2014, 2015 & 2016), provided Proximus' financial performance is in line with its expectations. On 26 February 2015, Proximus' Board of Directors confirmed its intention to return a stable total gross dividend of EUR 1.50 per share over the result of 2015 and 2016.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Post-balance sheet events

Disclosures related to post-balance sheet events are reported in note 40 of the consolidated financial statements.

On behalf of the Board of Directors,
Brussels, February 25, 2016

Dominique Leroy
Chief Executive Officer

Stefaan De Clerck
Chairman of the Board of Directors

Consolidated Financial Statements

2015

proximus

Consolidated Financial Statements

Prepared under International Financial Reporting Standards for each of the two years ended 31 December 2015 and 2014

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Consolidated balance sheet

(EUR million)		As of 31 December 2014	2015
ASSETS	**Note**		
NON-CURRENT ASSETS		**6,339**	**6,386**
Goodwill	3	2,272	2,272
Intangible assets with finite useful life	4	1,180	1,162
Property, plant and equipment	5	2,680	2,809
Investments in associates and joint ventures	6	4	2
Other participating interests	7	8	9
Deferred income tax assets	8	102	89
Other non-current assets	10	94	43
CURRENT ASSETS		**2,183**	**1,897**
Inventories	11	117	108
Trade receivables	12	1,182	1,140
Current tax assets	8	63	14
Other current assets	13	111	124
Investments	14	8	8
Cash and cash equivalents	15	702	502
TOTAL ASSETS		**8,522**	**8,283**
LIABILITIES AND EQUITY			
EQUITY	**17**	**2,969**	**2,965**
Shareholders' equity	**17**	**2,779**	**2,801**
Issued capital		1,000	1,000
Treasury shares		-470	-448
Restricted reserve		100	100
Remeasurement reserve		-128	-112
Stock compensation		8	5
Retained earnings		2,270	2,255
Non-Controlling interests	**17**	**189**	**164**
NON-CURRENT LIABILITIES		**3,332**	**2,663**
Interest-bearing liabilities	18	2,386	1,761
Liability for pensions, other post-employment benefits and termination benefits	9	504	464
Provisions	19	154	157
Deferred income tax liabilities	8	110	96
Other non-current payables	20	178	185
CURRENT LIABILITIES		**2,221**	**2,655**
Interest-bearing liabilities	18	162	674
Trade payables		1,358	1,330
Tax payables	8	111	82
Other current payables	21	591	570
TOTAL LIABILITIES AND EQUITY		**8,522**	**8,283**

Consolidated income statement

(EUR million)	Note	2014	2015
		Year ended 31 December	
Net revenue	22	5,961	5,944
Other operating income	23	89	68
Non-recurring income	24	62	0
Total income		**6,112**	**6,012**
Costs of materials and services related to revenue	25	-2,420	-2,377
Personnel expenses and pensions	26	-1,041	-1,011
Other operating expenses	27	-869	-980
Non-recurring expenses	28	-27	2
Total operating expenses before depreciation and amortization		**-4,358**	**-4,366**
Operating income before depreciation and amortization		**1,755**	**1,646**
Depreciation and amortization	29	-821	-869
Operating income		**933**	**777**
Finance income		33	20
Finance costs		-128	-140
Net finance costs	30	-96	-120
Share of loss on associates and joint ventures		-2	-2
Income before taxes		**835**	**655**
Tax expense	8	-154	-156
Net income		**682**	**499**
Non-controlling interests	17	27	17
Net income (group share)		654	482
Basic earnings per share (in EUR)	31	2.04	1.50
Diluted earnings per share (in EUR)	31	2.04	1.50
Weighted average nb of outstanding ordinary shares	31	320,119,106	321,767,821
Weighted average nb of outstanding ordinary shares for diluted earnings per share	31	321,009,798	322,272,472

Consolidated statement of other comprehensive income

(EUR million)	Note	Year ended 31 December 2014	2015
Net income		**682**	**499**
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Cash flow hedges			
Gain/(loss) taken to equity		1	-5
Reclassification adjustments		4	4
Exchange differences on translation of foreign operations		-1	0
Other		1	0
Total before related tax effects		**6**	**-1**
Related tax effects			
Cash flow hedges:			
Gain/(loss) taken to equity		0	2
Transfer to profit or loss for the period		-1	-1
Income tax relating to items that may be reclassified		**-2**	**0**
Items that may be reclassified to profit and loss - net of related tax effects		**4**	**0**
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit obligations		-102	18
Total before related tax effects	9	**-102**	**18**
Related tax effects			
Remeasurement of defined benefit obligations		20	-1
Income tax relating to items that will not be reclassified		**20**	**-1**
Items that will not be reclassified to profit and loss - net of related tax effects		**-83**	**17**
Total comprehensive income		**603**	**515**
Attributable to:			
Equity holders of the parent		576	498
Non-controlling interests		27	17

Consolidated statement of cash flows

(EUR million)	Note	Year ended 31 December 2014	2015
Cash flow from operating activities			
Net income		682	499
Adjustments for:			
Depreciation and amortization on intangible assets and property, plant and equipment	4/5	821	869
Increase of impairment on goodwill, intangible assets and property, plant and equipment	3/4/5	1	0
Increase / (decrease) of provisions		-50	3
Deferred tax expense	8	5	-3
Increase of impairment on participating interests		4	0
Loss from investments accounted for using the equity method	6	2	2
Fair value adjustments on financial instruments	30	-5	-16
Loans amortization	30	6	31
Gain on disposal of consolidated companies	6	-27	0
Gain on disposal of other participating interests and enterprises accounted for using the equity method	30	-1	-2
Gain on disposal of fixed assets		-46	-18
Other non-cash movements		17	3
Operating cash flow before working capital changes		**1,410**	**1,370**
Decrease in inventories		31	9
Decrease in trade receivables		43	54
Decrease in other current assets		48	33
Increase / (decrease) in trade payables (1)		64	-29
Decrease in income tax payables		-21	-32
Increase / (decrease) in other current payables		-59	2
Decrease in net liability for pensions, other post-employment benefits and termination benefits	9	-69	-22
Increase in other non-current payables and provisions		1	0
Increase in working capital, net of acquisitions and disposals of subsidiaries		**37**	**16**
Net cash flow provided by operating activities		**1,447**	**1,386**
Cash flow from investing activities			
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	4/5	-916	-1,000
Cash paid for acquisitions of other participating interests and joint ventures		0	-3
Cash paid for acquisition of consolidated companies, net of cash acquired	6	-1	-20
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	6	95	-3
Cash received from sales of intangible assets and property, plant and equipment		83	39
Cash received from sales of other participating interests and enterprises accounted for using the equity method		0	8
Net cash received from other non-current assets		2	0
Net cash used in investing activities		**-737**	**-978**
Cash flow before financing activities		**711**	**408**
Cash flow from financing activities			
Dividends paid to shareholders	32	-718	-489
Dividends paid to non-controlling interests	17	-33	-36
Net sale of treasury shares		54	19
Net sale of investments		51	0
Variation in equity		-1	0
Issuance of long term debt		597	492
Repayment of long term debt (3)		0	-594
Repayment of short term debt		-314	0
Net cash used in financing activities (2)		**-364**	**-608**
Net increase / (decrease) of cash and cash equivalents		**347**	**-200**
Cash and cash equivalents at 1 January		355	702
Cash and cash equivalents at 31 December	15	702	502
(1) Net cash flow from operating activities includes the following cash movements :			
Interest paid		-89	-92
Interest received		8	3
Income taxes paid		-171	-191

(1) 2014 restated to include all changes in working capital related to CAPEX

(2) Gains and losses from debt restructuring are part of the Cash used in financing activities.

(3) The repayment of long term debt is the net of cash received and paid for the debt and related derivatives

Consolidated statement of changes in equity

(EUR million)	Issued capital	Treasury shares (TS)	Res-tricted reserve	AFS & hedge reserve	IAS 19 remeasur-ement	Foreign currency trans-lation	Stock Compen-sation	Retained Earnings	Sharehol-ders' Equity	Non-control-ling interests (NCI)	Total Equity
Balance at 1 January 2014	**1,000**	**-527**	**100**	**-3**	**-48**	**1**	**13**	**2,310**	**2,846**	**196**	**3,042**
Fair value changes in cash flow hedges	0	0	0	3	0	0	0	0	3	0	3
Transfers	0	0	0	1	0	0	0	0	1	0	1
Currency translation differences	0	0	0	0	0	-1	0	0	-1	0	-1
Remeasurement defined benefit obligations	0	0	0	0	-82	0	0	0	-82	-1	-83
Equity changes not recognised in the income statement	0	0	0	5	0	-1	0	0	-78	-1	-79
Net income	0	0	0	0	0	0	0	654	654	27	682
Total comprehensive income and expense	**0**	**0**	**0**	**5**	**-82**	**-1**	**0**	**654**	**576**	**27**	**603**
Dividends to shareholders (relating to 2013)	0	0	0	0	0	0	0	-537	-537	0	-537
Interim dividends to shareholders (relating to 2014)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares											
Exercise of stock options	0	57	0	0	0	0	0	-3	54	0	54
Stock options											
Amortization deferred stock compensation	0	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	0	-6	6	0	0	0
Total transactions with equity holders	**0**	**57**	**0**	**0**	**0**	**0**	**-5**	**-694**	**-643**	**-33**	**-676**
Balance at 31 December 2014	**1,000**	**-470**	**100**	**2**	**-130**	**0**	**8**	**2,270**	**2,779**	**189**	**2,969**
Fair value changes in cash flow hedges	0	0	0	-1	0	0	0	0	0	0	0
Remeasurement defined benefit obligations	0	0	0	0	17	0	0	0	17	0	17
Equity changes not recognised in the income statement	0	0	0	-1	17	0	0	0	16	0	16
Net income	0	0	0	0	0	0	0	482	482	17	499
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**17**	**0**	**0**	**482**	**498**	**17**	**515**
Dividends to shareholders (relating to 2014)	0	0	0	0	0	0	0	-322	-322	0	-322
Interim dividends to shareholders (relating to 2015)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-36	-36
Changes in ownership interest in investees	0	0	0	0	0	0	0	-14	-14	-6	-20
Treasury shares											
Exercise of stock options	0	22	0	0	0	0	0	-2	20	0	20
Stock options											
Exercise of stock options	0	0	0	0	0	0	-2	2	0	0	0
Total transactions with equity holders	**0**	**22**	**0**	**0**	**0**	**0**	**-2**	**-496**	**-477**	**-42**	**-519**
Balance at 31 December 2015	**1,000**	**-448**	**100**	**2**	**-114**	**0**	**5**	**2,255**	**2,801**	**164**	**2,965**

Notes to the consolidated financial statements

Note 1. Corporate information

The consolidated financial statements at 31 December 2015 were authorized for issue by the Board of Directors on 25 February 2016. They comprise the financial statements of Proximus SA, its subsidiaries as well as the Group's interest in associates and joint ventures accounted for under the equity method (hereafter "the Group").

Proximus SA is a "Limited Liability Company of Public Law" registered in Belgium. The transformation of Belgacom (now Proximus) SA from "Autonomous State Company" into a "Limited Liability Company of Public Law" was implemented by the Royal Decree of 16 December 1994. Proximus SA headquarters are located at Boulevard du Roi Albert II, 27 1030 Brussels, Belgium. The name change of the company took place in 2015.

The Board of Directors, the Chief Executive Officer and the Executive Committee assess the performance and allocate resources based on the customer-oriented organization structured around the five following reportable operating segments.

- **The Consumer Business Unit (CBU)** sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers and small offices as from 2015 (self-employed persons and small companies), as well as ICT-services mainly on the Belgian market;
- **The Enterprise Business Unit (EBU)** sells ICT and Telecom services and products to medium and corporate enterprises. These ICT solutions, including telephone services, are marketed mainly under the Proximus, and Telindus brands, on both the Belgian and international markets;
- **The Technology & Wholesale (TEC&W)** centralizes all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions), provides services to CBU and EBU and sells these services to other telecom and cable operators;
- **International Carrier Services (ICS)** is responsible for international carrier activities;
- **Staff and Support (S&S)** brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate that support the Group's activities.

As part of its "Fit-for-Growth" strategy, aiming for more efficiency and simplification, Proximus installed a new organization structure at the start of 2015. This also resulted in a new customer segmentation. The main change resides in Small Enterprise customers ('Small Offices') being included within the new Consumer Business Unit and no longer in the Enterprise Business Unit.
Further information concerning the operating segments is included under note 38.
The number of employees of the Group (in full time equivalents) amounted to 14,090 at 31 December 2015 and 14,187 at 31 December 2014.
For the year 2014, the average number of headcount of the Group was 139 management personnel, 13,137 employees and 1,494 workers. For the year 2015, the average number of headcount of the Group was 164 management personnel 12,432 employees and 1,444 workers.

Note 2. Significant accounting policies

Basis of preparation

The accompanying consolidated financial statements as of 31 December 2015 and for the year then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The Group did not early adopt any IASB standards or interpretations.

The consolidated financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivatives and available-for-sale financial assets. The carrying values of assets and liabilities that are hedged with fair value hedges are adjusted to record the change in the fair value attributable to the risks that are being hedged.

Changes in accounting policies

The Group does not anticipate the application of standards and interpretations. The accounting policies applied are consistent with those of the previous financial years except that the Group applied the new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2015 and that are detailed as follows:

- Amendments to standards:
  - Annual Improvements to IFRS's (2010-2012 cycle) and (2011-2013 cycle);
- Newly issued standards and interpretations:
  - IFRIC 21 ("Levies").

The adoption of these new and amended standards and interpretation has limited impacts on the financial statements of the Group.

Basis of consolidation

Note 6 lists the Group's subsidiaries, joint ventures and associates.
Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Intercompany balances and transactions, and resulting unrealized profits or losses between Group companies are eliminated in full in consolidation. When necessary, accounting policies of subsidiaries are adjusted to ensure that the consolidated financial statements are prepared using uniform accounting policies.

Changes in Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transaction. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.
Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in these consolidated financial statements using the equity method.

Associated companies are companies in which the Group has a significant influence, defined as an investee in which Proximus has the power to participate in its financial and operating policy decisions (but not to control the investee). These investments are also accounted for using the equity method.
Under the equity method, the investments held in associates or joint venture are initially recognized at cost and the carrying amount is subsequently adjusted to recognize the Group's share in the profit or losses or other comprehensive income of the associate or joint venture as from the date of acquisition. These investments and the equity share of results for the period are shown in the balance sheet and income statement as respectively, investments in associates and joint ventures, and share in the result of the associates and joint ventures.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between, on the one hand the carrying amount of the associate or joint venture at the date the use of the equity method is discontinued and on the other hand the fair value of any retained interest and any proceeds of disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests

Business Combinations

Acquisitions of businesses are accounted using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at that date. This includes fair valuing the unrecognised assets and liabilities in the balance sheet of the acquiree, which concerns mainly customer bases and trade names.
Non-controlling interests may be initially measured either at fair value or at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of the measurement principle is made on a transaction by transaction basis.

Judgments and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.
Judgments and estimates that are made at each reporting date reflect conditions that existed at those dates (e.g. market prices, interest rates and foreign exchange rates). Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake, actual results may differ from those estimates.

Major judgments and estimates are principally made in the following areas:

Claims and contingent liabilities (see note 35)

Related to claims and contingencies, judgment is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outflow of economic resources. This judgment is reviewed when new information becomes available and with support of outside experts advises.

Income tax

On 11 January 2016, the European Commission announced its decision that Belgian tax rulings granted to multinationals with regard to "Excess Profit" shall be considered as illegal state aid and that unpaid taxes should be recovered by the Belgian state. BICS has applied such tax ruling for the period 2010-2014. BICS has not yet received a specific claim nor information from the European Commission or the Belgian government as to the amount to be paid. Furthermore, BICS is considering appealing the decision of the European Commission before the European Court. BICS expects that information about the amount to be paid will become available in a near future. Payment of the claimed amount will likely take place in 2016 irrespective of whether or not appeals are made against the decision. A tax liability has been accrued for the estimated net cash outflow (see notes 8 and 40).

Recoverable amount of cash generating units including goodwill

In the context of the impairment test, the key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 3 (Goodwill).

Actuarial assumptions related to the measurement of employee benefit obligations and plan assets

The Group holds several employee benefit plans such as pension plans, other post-employment plans and termination plans. In the context of the determination of the obligation, the plan asset and the net periodic cost, the key assumptions that are used are discussed in note 9 (Assets and liabilities for pensions, other post-employment benefits and termination benefits).

Control in BICS

Note 6 describes that BICS is a subsidiary of the Group held with 57.6% of the shares and 57.6% of the voting rights to the company shareholders' meeting.
The shareholders agreement with BICS foresees decision-making rules and a deadlock procedure in force as from 1 January 2010. Thanks to these rules and procedures, the Group concluded in the past that it controlled BICS. This conclusion remains valid when applying IFRS 10 "Consolidated Financial Statements" (effective on 1 January 2014), even when taking into account potential barriers to exercise control on BICS.

Foreign currency translation

The presentation currency for the Group is the Euro. Foreign currency transactions are translated, on initial recognition, at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the balance sheet date using the exchange rate at that date. Net exchange differences on the translation of monetary assets and liabilities are classified in "other operating expenses" in the income statement in the period in which they arise.

Foreign operations

Some foreign subsidiaries and joint-ventures operating in non-EURO countries are considered as foreign operations that are integral to the operations of the reporting enterprise. Therefore, monetary assets and liabilities are translated using the exchange rate at balance sheet date, non-monetary assets and liabilities are translated at the historical exchange rate, except for non-monetary items that are measured at fair value in the domestic currency and that are translated at the exchange rate when the fair value was determined.

Revenue and expenses of these entities are translated at the weighted average exchange rate. The resulting exchange differences are classified in "other operating expenses" in the income statement.
For other foreign subsidiaries and joint-ventures operating in non-EURO countries, assets and liabilities are translated using the exchange rate at balance sheet date. Revenue and expenses of these entities are

translated at the weighted average exchange rate. The resulting exchange differences are taken directly to a separate component of equity. On disposal of such entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.
All exchange differences arising from a monetary item that forms part of the Group's net investment in such entity are recognized in the same separate component of equity.

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, over the net fair value of identifiable assets, liabilities and contingent liabilities acquired in business combination. When the Group obtains control, the previously held interest in the acquiree, if any, is re-measured to fair value through the income statement.

When the net fair value, after reassessment, of identifiable assets, liabilities and contingent liabilities acquired in a business combination exceeds the sum of the consideration transferred, the amount of non-controlling interests, if any, and the fair value of the previously held interest, if any, this excess is immediately recognized in income statement as a bargain purchase gain.

Changes in a contingent consideration included in the consideration transferred are adjusted against goodwill when they arise during the provisional purchase price allocation period and when they relate to facts and circumstances existing at acquisition date. In other cases, depending if the contingent consideration is classified as equity or not, changes are taken into equity or in the income statement.

Acquisition costs are expensed and non-controlling interests are measured at acquisition date either at their value or at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Goodwill is stated at cost and not amortized but subject to an annual impairment test at the level of the cash generating unit to which it relates and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated may be impaired. An impairment loss recognized for goodwill is never reversed in subsequent periods, even if there are indications that the impairment loss may no longer exist or may have decreased.

Intangible assets with finite useful life

Intangible assets consist primarily of the Global System for Mobile communication ("GSM") license, the Universal Mobile Telecommunication System ("UMTS") license, 4G licenses, customer bases and trade names acquired in business combinations, internally developed software and other intangible assets such as football rights and broadcasting rights and externally developed software.

The Group capitalizes certain costs incurred in connection with developing or purchasing software for internal use when they are identifiable, when the group controls the asset and when future economic benefits from the asset are probable. Capitalized software costs are included in internally generated and other intangible assets and are amortized over three to five years.

Intangible assets with finite life acquired separately are measured on initial recognition at cost. The estimated cost of intangible assets acquired with different pricing structure over time includes the fixed and estimated variable consideration at acquisition date. When the carrying amount of the financial liability is subsequently re-measured the cost of the asset is adjusted. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses. The residual value of such intangible assets is assumed to be zero.

- Customer bases and trade names acquired in business combinations are straight-line amortized over their estimated useful life (3 to 20 years). Except when the use of an asset is limited in time, for contractual reasons or reflecting the management intention on the use of the asset, the duration of an asset's useful life is set at acquisition date, for each asset individually, in such a way that the expected cumulated discounted cash flows generated by the concerned asset over its useful life represent approximately 90% of the total cumulated discounted cash flows expected from the asset.
- GSM, UMTS and 4 G licenses, other intangible assets and internally generated assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization commences when the intangible asset is ready for its intended use. The licenses' useful lives are fixed by Royal Decree and they range from 5 to 20 years.

The useful lives are assigned as follows:

	Useful life (years)
GSM, UMTS, 4G and other network licenses	Over the license period
• GSM (2G)	5 to 6
• UMTS (3G)	16
• LTE (4G)	15
• 800 Mhz (4G)	20
Customer bases and trade names acquired	3 to 20
Software	5
Rights to use, football and broadcasting rights	Over the contract period (usually from 2 to 5)

The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment

Property, plant and equipment including assets rented to third parties are presented according to their nature and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses when it does not extend the life of the asset or does not significantly increase its capacity to generate revenue. The cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the item.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation of an asset begins when the asset is ready for its intended use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The useful lives are assigned as follows:

	Useful life (years)
Land and buildings	
• Land	Indefinite
• Buildings and building equipment	22 to 33
• Facilities in buildings	3 to 10

• Leasehold improvement and advertising equipment	3 to 10
Technical and network equipment	
• Cables and ducts	15 to 20
• Switches	8 to 10
• Transmission	6 to 8
• Radio Access Network	6 to 7
• Mobile sites and site facility equipment	5 to 10
• Equipment installed at client premises	2 to 8
• Data and other network equipment	2 to 15
Furniture and vehicles	
• Furniture and office equipment	3 to 10
• Vehicles	5 to 10

The asset's residual values, useful life and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Costs of material, personnel expenses and other operating expenses are shown net of work performed by the enterprise that is capitalized in respect of the construction of property, plant and equipment.

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Impairment of non-financial assets

The Group reviews the carrying value of its non-financial assets at each balance sheet date for any indication of impairment.

The Group compares at least once a year the carrying value with the estimated recoverable amount of intangible assets under construction and cash generating units including goodwill. The Group performs this annual impairment test during the fourth quarter of each year.

An impairment loss is recognized when the carrying value of the asset or cash generating unit exceeds the estimated recoverable amount, being the higher of the asset's or cash generating unit's fair value less costs to sell and its value in use for the Group.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses on goodwill, intangible assets and property, plant and equipment are recorded in operating expenses. An assessment is made at each balance sheet date as to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, impairment losses in respect of assets other than goodwill are reversed in order to increase the carrying amount of the asset to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement in operating expenses.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their respective taxation bases.

Deferred tax assets associated to deductible temporary differences and unused tax losses carried forward are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or the unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognized in the income statement except to the extent that they relate to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.
Deferred tax liabilities with respect to temporary differences associated with investments in subsidiaries are recognized except when the parent company is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will be reversed in a foreseeable future.

Pensions, other post-employment benefits and termination benefits

The Group operates several defined benefit pension plans to which the contributions are made through separately managed funds. The Group also agreed to provide additional post-employment benefits to certain employees. The cost of providing benefits under the plans is determined separately for each plan using the projected credit unit actuarial valuation method. Actuarial gains and losses are recognized through Other Comprehensive Income (equity). Any past service cost and gain or loss on settlement is recognized in income statement when they occur.

The Group also operates several defined contribution plans. Contributions are expensed as incurred.
The Group operates several restructuring programs that involve termination benefits or other forms of additional compensation. The actuarial gains and losses on these liabilities are recognized in the income statement when incurred.

When applying the IAS 19 revised, the Group decided to classify the periodic cost in operating and financing activities for their respective components.

Short term and long term employee benefits

The cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognized during the period in which the employee renders the related service. The Group recognizes those costs only when it has a present legal or constructive obligation to make such payment and a reliable estimate of the liability can be made.

Financial instruments

Fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

- For investments in quoted companies and mutual funds, the fair value is their quoted price;
- For investments in non-quoted companies, fair value is estimated by reference to recent sale transactions on the shares of these non-quoted companies and, in the absence of such transactions, by using different valuation techniques such as discounted future cash flow models and multiples methods;
- For investments in non-quoted companies for which no fair value can be reliably determined, fair value is based on the historical acquisition cost, adjusted for impairment losses, if any;
- For long term debts carrying a floating interest rate, the amortized cost is assumed to approximate fair value;
- For long term debts carrying a fixed interest rate, the fair value is determined based on the market value when available or otherwise based on the discounted future cash flows;
- For trade receivables, trade payables, other current assets and current liabilities, the carrying amounts reported in the balance sheet approximate their fair value considering their short maturity;
- For cash and cash equivalents, the carrying amounts reported in the balance sheet approximate their fair value considering their short maturity;
- For derivatives, fair values have been estimated by either considering their quote price on an active market, and if not available by using different valuation techniques, in particular the discounting of future cash flows.

Criteria for initial recognition and for de-recognition of financial assets and liabilities

Financial instruments are initially recognized when the Group becomes party to the contractual terms of the instruments. Normal purchases and sales of financial assets are accounted for at their settlement dates.

Financial assets (or a portion thereof) are de-recognized when either the Group realizes the rights to the benefits specified in the contract, either the rights expire or, either the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. Financial liabilities (or a portion thereof) are de-recognized when the obligation specified in the contract is discharged, cancelled or expires.

Criteria for offsetting financial assets and liabilities

Where a legally enforceable right of offset exists for recognized financial assets and liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

Criteria for classifying financial instruments as held to maturity

Some financial instruments are classified as held to maturity based on the ability and the intention of the Group to keep these instruments until maturity. The Group has already a large experience of respecting that statement.

Criteria for classifying financial instruments as available-for-sale

Non-derivative financial assets that the Group has no intention nor ability to keep until maturity, that the Group does not classify as loans and receivables and that the Group does not designate as at fair value through profit and loss at inception, are classified as available-for-sale.

Shares in equity of non-consolidated entities are usually classified as available-for-sale financial assets. Shares in mutual funds or similar funds are classified as available-for-sale, if not designated at fair value through profit and loss at inception.

Other participating interests

Other participating interests are equity instruments in entities that are not subsidiaries, joint ventures or associates. They are initially recognized at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. These interests are classified as available-for-sale financial assets in the balance sheet.
After initial recognition,

- The participating interests in non-quoted companies for which no fair value can be reliably determined are carried at cost with adjustment for impairment loss if any;
- All other participating interests are carried at fair value, with recognition of the changes in fair value directly in equity, until the financial asset is sold, collected or otherwise disposed of, at which time the cumulative gain or loss previously reported in equity is included in income statement in net finance cost.

Other non-current financial assets

Other non-current financial assets include derivatives (see below), long-term interest-bearing receivables such as loans to joint-ventures, personnel and cash guarantees and long-term investments such as notes and purchased bonds. Long-term receivables are accounted for as loans and receivables originated by the Group and are carried at amortized cost. Long-term investments are classified as held-to-maturity and are carried at amortized cost.

Trade receivables and other current assets

Trade receivables and other current assets are shown on the balance sheet at nominal value (generally, the original invoice amount) less the allowance for doubtful debts.

Investments

Investments include shares in funds and mutual funds, fixed income securities and deposits with a maturity greater than three months but less than one year.
Shares are initially recognized at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. After initial recognition, shares are treated as available-for-sale, with re-measurement to fair value recorded directly in equity until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss previously reported in equity is included in income statement.
Fixed income securities are initially recognized at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. After initial recognition, fixed income securities that are classified as available-for-sale, are measured at fair value, with gains and losses on re-measurement recognized in equity until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss reported in equity is included in income statement. Fixed income securities that are intended to be held-to-maturity are measured at amortized cost, using the effective interest rate method.
Deposits are measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents include cash, current bank accounts and investments with an original maturity of less than three months, and that are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
Cash and cash equivalents are carried at amortized cost.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. When the carrying amount of the financial asset is greater than its recoverable amount, an impairment loss is recorded.

An allowance account is always used to account for impairment losses, whether impairment is caused by credit losses or not.

Allowances and impairment on financial assets are accounted for as other operating expenses when the assets relates to operating activities. For 'other participating interests', associates and assets relating to finance activities, allowances and impairment losses are accounted for as finance costs.

Impairment losses on receivables are determined when it is probable that the Group will not be able to collect any amount due, on basis of individualized criteria or based on portfolio statistics and analysis of ageing balances.

In case of impairment due to credit losses, the impairment allowance is reversed when it becomes probable that the Group will collect the financial asset, as a result of various indicators such as the receipt of collaterals, a successful capital increase at the customer etc.
The impairment allowance will also be reversed when the asset is definitively sold, collected or at the opposite, uncollectible, at what time, the definitive gain (loss) on disposal of the asset is recorded in income statement.
Impairment losses on available for sale equity investments are recognized in net income in case of significant (more than 30%) or prolonged (more than 12 months successively) decline in the fair value below cost. These impairment losses are not reversed in income statement. If it appears that an existing impairment loss has to be reversed, reversal will be recorded in equity, as a re-measurement to fair value.

Interest-bearing liabilities

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received, net of issuance costs associated with the borrowings.

After initial recognition, debts are measured at amortized cost using the effective interest rate method, with amortization of discounts or premiums through the income statement.

Derivatives

The Group does not hold or issue derivative financial instruments for trading purposes but some of its derivative contracts do not meet the criteria set by IAS 39 to be subject to hedge accounting and are therefore treated as derivatives held-for-trading, with changes in fair value recorded in the income statement.

The Group makes use of derivatives such as IRCS, forward foreign exchange contracts and currency options to reduce its risks associated with foreign currency fluctuations on underlying assets, liabilities and anticipated transactions. The derivatives are carried at fair value under the captions other assets (non-current and current), interest-bearing liabilities (non-current and current) and other payables (non-current and current).

An IRCS is used to reduce the Group exposure to interest rate and foreign currency fluctuations on a long-term debt expressed in JPY. The Group does not apply hedge accounting for this derivative.
This long-term debt expressed in JPY includes an embedded derivative. Such derivative is separated from its host contract and carried at fair value with changes in fair value recognized in the income statement. The mark-to-market effects on this derivative are offset by those on the IRCS.

As from September 2011, the Group started contracting derivatives (forward foreign exchange contracts) to hedge its exposure to currency fluctuations for highly probable forecasted transactions. The Group applies cash flow hedge accounting; the effective portion of the gains and losses on the hedging instrument is recognized via other comprehensive income until the hedged item occurs. If the hedged transaction leads to the recognition of an asset, the carrying amount of the asset at the time of initial recognition is adjusted to include the amount previously recognized via other comprehensive income. The ineffective portion of a cash flow hedge is always recognized in profit or loss.

The other forward exchange contracts do not qualify for hedge accounting and are consequently carried at fair value, with changes in fair value recognized in the income statement.

Net gains and losses on financial instruments

The Group excludes dividends, interest income and interest charges from the net gains and losses on financial instruments. Dividends, interest income and interest charges arising from financial instruments are posted to the finance income/(costs).

Net gains/(losses) from disposals or settlements of financial instruments are accounted for as finance income/(costs) when the instruments relate to financing activities. When the financial instruments relate to operating or investing activities, net gains/(losses) from disposals or settlements are accounted for as other operating income/(expenses).

Net gains and losses resulting from fair value measurement of derivatives used to manage foreign currency exposure on operating activities that do not qualify for hedge accounting under IAS 39 are recorded as operating expenses.

Net gains and losses resulting from fair value measurement of derivatives used to manage interest rate exposure on interest-bearing liabilities that do not qualify for hedge accounting under IAS 39 are recorded in finance income/(costs).

Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is determined based on the weighted average cost method except for IT equipment (FIFO method) and goods purchased for resale as part of specific construction contracts (individual purchase price).

For construction contracts, the percentage of completion method is applied. The stage of completion is measured by reference to the amount of contract costs incurred for work performed at balance sheet date in proportion to the estimated total costs for the contract. Contract cost includes all expenditures directly related to the specific contract and an allocation of fixed and variable overheads incurred in connection with contract activities based on normal operating capacity.

Lease agreements with suppliers

Leases of assets through which all the risks and the benefits of ownership of the asset are substantially transferred to the Group are classified as finance lease. Finance leases are recognized as assets and liabilities (interest-bearing liabilities) at amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at inception of the lease. Amortization and impairment testing for depreciable leased assets, is the same as for depreciable assets that are owned. Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Leases of assets through which all the risks and the benefits of ownership of the asset are substantially retained by the leasing company are classified as operating lease. Payments under operating leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, taking into account the available evidence, it is more likely than not that a present obligation exists at the balance sheet date. The amount recognized as provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted where the effect of the time value of money is material. The unwinding is recognized via the finance expense.

Certain assets and improvements that are situated on property owned by third parties must eventually be dismantled, and the property must be restored to its original condition. The estimated costs associated with dismantling and restorations are recorded under property, plant and equipment and depreciated over the useful life of the asset. The total estimated cost required for dismantling and restoration, discounted to its present value, is recorded under provisions. Where discounting is used, the increase in the provision due to the passage in time is recognized in financial expense in the income statement.

Assets and associated liabilities classified as held for sale

The Group classifies assets (or disposal group) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through a continuing use. This condition is met when the asset (or disposal group) is available for immediate sale in its present condition, the sale is highly probable and expected to occur within one year. Assets and associated liabilities held for sale (or disposal group) are recorded at the lower of their carrying value or fair value less costs to sell, and are classified as current assets.

Share based payment

Equity and cash settled share-based payments to employees are measured at the fair value of the instrument at the grant date taking into account the terms and conditions upon which the rights are granted, and by using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

For equity settled arrangement the fair value is recognized in personnel expenses over their vesting period, together with an increase of the caption “stock compensation” of the shareholders’ equity for the equity part and an increase of a dividend liability for the dividend part. When the share options give right to dividends declared after granting the options, the fair value of this right is re-measured regularly.

For cash settled arrangement the fair value is recognized in personnel expenses over their vesting period together with an increase in the liabilities. The liabilities are regularly re-measured to reflect the evolution of the fair values.

Revenue and operating expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific revenue streams and related recognition criteria are as follows:

- Revenue from wireline, carrier and mobile traffic is recognized on usage;
- Revenue from connection fees and installation fees is recognized in income at the time of connection or

installation;
- Revenue from sales of communication equipment is recognized upon delivery to the third party distributors or upon delivery by the own Proximus shops to the end-customer;
- Revenues relating to the monthly rent or access fees, which are applicable to wireline and mobile revenues are recognized in the period in which the services are provided;
- Subscription fees are recognized as revenue over the subscription period on a pro-rata basis;
- Prepaid revenue such as revenue from pre-paid fixed and mobile phone cards is deferred and recognized based on usage of the cards;
- Maintenance fees are recognized as revenue over the maintenance period on a pro-rata basis;
- Commissions received are recognized net when the Group acts as an agent, i.e. when the Group does not bear inventory risk and credit risk, does not set the prices nor change or perform part of the services and has no latitude in the supplier's selection;
- The revenue from sales arrangements with multiple deliverables are allocated to the different components of the arrangements based on their relative fair values being the amount for which each component could be sold separately. However when an amount allocated to a delivered component is contingent upon the delivery of additional components or meeting specified performance conditions, the amount allocated to that delivered component is limited to the non-contingent amount.

Net revenue is defined as the gross inflow of economic benefits during the period arising in the course of the ordinary activities and taking into account the amount of any trade discounts and volume rebates allowed by the Group. The award credits (loyalty programs) are recorded as a separate component of the sales transaction and recorded as deduction from the initial sale in net revenue. Revenue from award credits is recognized at redemption.

Expenditure on research activities is recognized in the income statement as an expense as incurred.
The Group's consolidated income statement presents operating expenses by nature. Operating expenses are reported net of work performed by the enterprise that is capitalized.
The costs of materials and services related to revenues include the costs for purchases of materials and services directly related to revenue.

Costs for advertising and other marketing charges are expensed as incurred.

As a consequence of the new Belgian Telecom law in force as from 1 October 2012 all dealer commissions are expensed as incurred. The accumulated deferred upfront dealer commissions were expensed as 'cost of materials and services related to revenue'.

Non-recurring income and non-recurring expenses include gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million, costs of employee restructuring programs and the effect of settlements of post-employment benefit plans with impacts for the beneficiaries.

Note 3. Goodwill

(EUR million)	Goodwill
As of 1 January 2014	**2,320**
Acquisition of ClearMedia	2
Disposal of Group TLS FR	-28
Disposal of TLS UK business	-21
Impairment	-1
As of 31 December 2014	**2,272**
As of 31 December 2015	**2,272**

The following events led to the decrease of the Group goodwill in 2014: the disposal of Telindus UK business and GroupTelindus France (note 6) (goodwill decrease by EUR 49 million) and the recognition of an impairment loss of EUR 1 million on Mobisud. These impacts were slightly offset by the recognition of a goodwill of EUR 2 million when the Group acquired control on ClearMedia NV (note 6).

On 31 December 2014, an estimated amount of EUR 269 million was transferred from EBU to CBU with no impact on the Group goodwill as to reflect the transfer, the first of January 2015, of SOHO/SE (independent and small enterprises) customer accountability from EBU to CBU. On 31 December 2015, this estimate was finetuned by an amount of EUR 39 million based on the implementation of the changed segmentation of SOHO/SE.

Goodwill is tested for impairment at the level of operating segments as these are the Group cash-generating units; the performance, financial position (including goodwill) and capital expenditures within the Group are being monitored at operating segment level.

For the purpose of impairment testing, goodwill acquired in a business combination is, at acquisition date, allocated to each of the Group operating segments that is expected to benefit from the business combination. Therefore this allocation is based on the nature of the acquired customers and activities. At 31 December 2015, all businesses acquired were fully allocated to one single operating segment, with the exception of the goodwill resulting from the acquisition of non-controlling interests in 2007 in Belgacom Mobile, which was allocated to the Consumer Business Unit and the Enterprise Business Unit on basis of their relative value in use for the Group at 31 December 2007.

The carrying amount of the goodwill is allocated to the operating segments as follows:

	As of 31 December	
(EUR million)	2014	2015
Consumer Business Unit	1,264	1,303
Enterprise Business Unit	756	718
International Carrier Services	252	252
Total	**2,272**	**2,272**

The recoverable amount at segment level (including goodwill) was based on the value in use estimated through a discounted free cash flow model. The key variables used in determining the value in use are

- The operating income before depreciation and amortization (except for the International Carrier Services segment for which the direct margin is more important);
- The capital expenditures;
- The long term growth rate;
- The post-tax weighted average cost of capital;

- The mark-up rate to be applied on staff and support services, should Proximus Group organize a full and at arm's length transfer pricing between the segments;
- The expected rate of return on TEC&W capital employed, allowing the determination of TEC&W network related costs to be invoiced to the other segments, should Proximus Group organize a full and at arm's length transfer pricing between the segments.

CBU and EBU operating income before depreciation and amortization is highly sensitive to the following operational parameters: number of customers by type of service (TV, fix….), traffic (if applicable) and net ARPU by customer for each type of service. The value attached to each of these operational parameters is the result of an internal process, conducted in each segment and at group level, by confronting data from the market, market perspectives, and the strategies Proximus intends to implement in order to be adequately prepared for upcoming challenges.

The value in use calculations are based on the Three Year Plan (2016 to 2018), as presented by management to the Board of Director. Subsequent years were extrapolated based on a growth rate of around 1% for the operating segments.

The free cash flows considered for calculating the value in use are estimated for the concerned assets in their current condition and exclude the cash inflows and outflows that are expected to arise from any future restructuring to which the Group is not yet committed and from improving or enhancing the assets performance. Free cash flows of each segment were discounted with the Group post-tax weighted average cost of capital (ICS excluded) of 6.3%, with the exception of the ICS segment for which a specific post-tax weighted average cost of capital of 8.9% was used, its activities being deemed different enough from those of the rest of the Group to justify a specific calculation. The pre-tax weighted average cost of capital, derived from the post-tax weighted average cost of capital via an iterative method, was comprised between 7.4% and 10.6%.

The calculated weighted average costs of capital at Group level and for the ICS segment are based on the relative weight of their capital structure components and include a risk premium specific to their inherent risks.

None of the goodwill was impaired at 31 December 2015. Sensitivity analysis for all segments demonstrates that in case of a reasonable change in one of the key assumptions, their values in use still exceed their net carrying values.

Note 4. Intangible assets with finite useful life

(EUR million)	GSM and UMTS licences	Internally generated assets	Customer bases and trade names acquired	TV rights	Other intangible assets	Total
Cost						
As of 1 January 2014	**590**	**677**	**793**	**181**	**999**	**3,241**
Additions	16	84	0	114	116	330
Acquisition of subsidiary	0	0	1	0	0	1
Derecognition	0	0	0	-34	-27	-61
Disposal of subsidiary	0	0	-8	0	-13	-21
Reclassifications	0	0	5	0	-3	1
As of 31 December 2014	**605**	**761**	**791**	**262**	**1,072**	**3,492**
Additions	75	81	0	61	106	323
Acquisition of subsidiary	0	0	0	0	0	0
Derecognition	0	0	0	-108	-66	-174
Reclassifications	0	0	0	0	-9	-9
As of 31 December 2015	**681**	**843**	**791**	**215**	**1,103**	**3,632**
Accumulated amortization and impairment						
As of 1 January 2014	**-370**	**-492**	**-346**	**-90**	**-757**	**-2,056**
Amortization charge for the year	-31	-69	-59	-72	-95	-326
Derecognition	0	0	0	34	25	59
Disposal of subsidiary	0	0	2	0	10	12
Reclassifications	0	0	-2	0	2	0
As of 31 December 2014	**-401**	**-562**	**-405**	**-128**	**-816**	**-2,311**
Amortization charge for the year	-30	-78	-58	-83	-94	-342
Derecognition	0	0	0	108	66	174
Reclassifications	0	0	0	0	9	9
As of 31 December 2015	**-431**	**-639**	**-463**	**-103**	**-835**	**-2,470**
Carrying amount as of 31 December 2014	**204**	**200**	**386**	**133**	**257**	**1,180**
Carrying amount as of 31 December 2015	**250**	**204**	**328**	**112**	**269**	**1,162**

The GSM and UMTS licenses acquisition value include the costs related to the Global System for Mobile communication ("GSM") and Universal Mobile Telecommunication System ("UMTS").

The group possesses the following licenses:

Year of acquisition	Description	Acquisition value	Net book value	Period	Payment method	Start of Amortization
		(EUR million)				
1995	900 MHz spectrum	223	0	1995 - 2010	completed	08/04/1995
1998	ILT 2238	2	0	1998 -	completed	01/01/1998
1998	ILT	0	0	1998 -	completed	10/12/1998
2010	900 MHz spectrum	74	0	2010 - 2015	completed	08/04/2010
2015	900 MHz spectrum	75	66	2015 - 2021	over the period	08/04/2015
2001	UMTS	150	45	2001 - 2021	completed	01/06/2004
2011	4G	20	15	2012 - 2027	completed	01/07/2012
2013	800 Mhz spectrum	120	107	2013 - 2033	over the period	30/11/2013
2014	900 MHz spectrum	16	15	2015 - 2021	over the period	27/11/2015
	Total	681	250			

Internally generated assets mainly relate to development expenditures for internally developed software (mainly billing and ordering related). The aggregate amount of research expensed for these internally generated software during 2015 amounts to EUR 24 million.
Customer bases and trade names acquired include intangible assets recognized as part of business combinations; mainly as a result of the purchase price allocation performed when the Group acquired control over BICS.

In 2015 the Group acquired TV rights for an amount of EUR 61 million which includes mainly broadcasting rights. Some of these rights are acquired with a deferred payment plan.
Other intangible additions (EUR 106 million) include mainly vendor development and software licenses and rights of use for cables (IRU).

Note 5. Property, plant and equipment

(EUR million)	Land and buildings	Technical and network equipment	Other tangible assets	Assets under construction	Total
Cost					
As of 1 January 2014	**817**	**11,075**	**377**	**4**	**12,273**
Additions	9	629	15	9	663
Derecognition	-127	-250	-20	-1	-398
Disposal of subsidiary	0	-19	-5	0	-24
Reclassifications	1	-15	19	-6	-1
As of 31 December 2014	**701**	**11,421**	**386**	**7**	**12,514**
Additions	10	644	16	8	678
Derecognition	-54	-285	-32	0	-371
Disposal of subsidiary	0	0	-2	0	-1
Reclassifications	0	10	5	-7	9
As of 31 December 2015	**657**	**11,790**	**373**	**7**	**12,828**
Accumulated depreciation and impairment					
As of 1 January 2014	**-384**	**-9,015**	**-316**	**0**	**-9,715**
Depreciation charge for the year	-35	-431	-29	0	-495
Derecognition	91	249	20	0	359
Disposal of subsidiary	0	14	3	0	17
Reclassifications	0	19	-19	0	0
As of 31 December 2014	**-329**	**-9,164**	**-341**	**0**	**-9,834**
Depreciation charge for the year	-27	-474	-26	0	-528
Derecognition	44	277	30	0	351
Disposal of subsidiary	0	0	2	0	1
Reclassifications	0	-4	-5	0	-9
As of 31 December 2015	**-312**	**-9,366**	**-341**	**0**	**-10,019**
Carrying amount as of 31 December 2014	**372**	**2,256**	**45**	**7**	**2,680**
Carrying amount as of 31 December 2015	**345**	**2,424**	**33**	**7**	**2,809**

The increased investments compared to previous year reflects the Group strategy to invest more extensively in network and the network quality and services to customers. Proximus mainly invested in its mobile leadership and in improvements of its fixed network with the continued roll out of its vectoring technology.

In 2014, the Group sold administrative and technical buildings and realised a gain on disposal of these buildings of EUR 45 million and in 2015 of EUR 15 million.

Note 6. Investments in subsidiaries, joint ventures and associates

Note 6.1. Investments in subsidiaries

The consolidated financial statements include the financial statements of Proximus SA and the subsidiaries listed in the following table:

Name	Registered office	Country of incorporation	Group's participating interests	
			2014	2015
Proximus SA under Public Law	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0202.239.951	Belgium	Mother company	
Proximus Group Services SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0466.917.220	Belgium	100%	100%
PXS Re	Rue de Merl 74 2146 Luxembourg	Luxemburg	100%	100%
Connectimmo SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0477.931.965	Belgium	100%	100%
Skynet iMotion Activities SA	Rue Carli 2 1140 Evere VAT BE 0875.092.626	Belgium	100%	100%
Tango SA	Rue de Luxembourg 177 8077 Bertrange	Luxemburg	100%	100%
Telindus - ISIT BV	Krommewetering 7 3543 AP UTRECHT	The Netherlands	100%	100%
Telindus SA	Route d'Arlon 81–83 8009 Strassen	Luxemburg (3)	65%	100%
Telectronics SA	2 Rue des Mines 4244 Esch sur Alzette	Luxemburg (3)	65%	100%
BeimWeissenkreuz SA	Route d'Arlon 81–83 8009 Strassen	Luxemburg (3)	64%	100%
Telindus LTD	Centurion - Riverside Way - Watchmoor Park Camberley - Surrey -GU15 3 YL	United Kingdom (2)	100%	0%
Proximus Spearit NV	Koning Albert II laan 27 1030 Brussels VAT BE 0826.942.915	Belgium	100%	100%
Proximus ICT - Expert Community CVBA	Ferdinand Allenstraat 38 3290 Diest VAT BE 0841.396.905	Belgium	81%	81%
Proximus Opal SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0861.583.672	Belgium	100%	100%
Mobile-For SA	Bld du Roi Albert II 27 1030 Bruxelles VAT BE 0881.959.533	Belgium	100%	100%
Scarlet Business NV	Carlistraat 2 1140 Evere VAT BE 0463.079.780	Belgium	100%	100%
Scarlet Luxembourg SARL	Rue de Bonnevoie 5 1260 Luxembourg	Luxemburg (2)	100%	0%
Scarlet BelgiumNV	Carlistraat 2 1140 Evere VAT BE 0447.976.484	Belgium	100%	100%

Name	Registered office	Country of incorporation	2014	2015
MBS TELECOM NV	Carlistraat 2 1140 Evere VAT BE 0882,760,574	Belgium (4)	100%	100%
Wireless Technologies NV	Koning Albert II laan 27 1030 Brussels VAT BE 0464.030.479	Belgium	100%	100%
Clearmedia NV	Zagerijstraat 11 2960 Brecht VAT BE 0831.425.897	Belgium	100%	100%
Belgacom International Carrier Services Mauritius Ltd	Chancery House 5th floor , Lislet, Geoffroy Street Port Louis 1112-07	Mauritius (1)	58%	58%
Belgacom International Carrier Services SA	Rue Lebeau 4 1000 Brussels VAT BE 0866.977.981	Belgium (1)	58%	58%
Belgacom International Carrier Services Deutschland GMBH	Taunusanlage 11 60329 Frankfurt am Main	Germany (1)	58%	58%
Belgacom International Carrier Services UK Ltd	Great Bridgewaterstreet 70 M15ES Manchester	United Kingdom (1)	58%	58%
Belgacom International Carrier Services Nederland BV	Wilhelminakade 91 3072 AP Rotterdam	The Netherlands (1)	58%	58%
Belgacom International Carrier Services North America Inc	Corporation trust center - 1209 Orange street USA - 19801 Willington Delaware	United States (1)	58%	58%
Belgacom International Carrier Services Asia Pte Ltd	80, Robinson Road # 02-00, Singapore 068898	Singapore (1)	58%	58%
Belgacom International Carrier Services (Portugal) SA	Avenida da Republica, 50, 10th floor 1069-211 Lisboa	Portugal (1)	58%	58%
Belgacom International Carrier Services Italia Srl	Via della Moscova 3 20121 Milano	Italy (1)	58%	58%
Belgacom International Carrier Services Spain SL	Calle Salvatierra, 4, 2c 28022 Madrid	Spain (1)	58%	58%
Belgacom International Carrier Services Switzerland AG	Papiermülestrasse 69 3014 Bern	Switzerland (1)	58%	58%
Belgacom International Carrier Services Austria GMBH	Wildpretmarkt 2-4 1010 Wien	Austria (1)	58%	58%
Belgacom International Carrier Services Sweden AB	Drottninggatan 30 411-14 Goteborg	Sweden (1)	58%	58%
Belgacom International Carrier Services JAPAN KK	#409 Raffine Higashi Ginza, 4-14 Tsukiji 4 - Chome - Chuo-ku Tokyo 104-00	Japan (1)	58%	58%
Belgacom International Carrier Services China Ltd	Hopewell Centre - level 54 183, Queen's road East Hong Kong	China (1)	58%	58%

Name	Registered office	Country of incorporation	2014	2015
Belgacom International Carrier Services Ghana Ltd	Box GP 821 Accra	Ghana (1)	58%	58%
Belgacom International Carrier Services Dubai FZ-LLC	Dubai Internet City Premeses 306 - Floor 03- Building 02 -PO box 502307 Dubai	United Arab. Emirates (1)	58%	58%
Belgacom International Carrier Services South Africa Proprietary Ltd	The promenade shop 202 D - Victoria Road Camps Bay 8005	South Africa (1)	58%	58%
Belgacom International Carrier Services Kenya Ltd	LR-N°204861, 1st Floor Block A Nairobi Business Park-Ngong Road PO BOX 10643 - 00100 Nairobi	Kenya (1)	58%	58%
Belgacom International Carrier Services France SAS	Rue du Colonel Moll 3 75017 Paris	France (1)	58%	58%

(1) Entity of BICS Group
(2) Entity liquidated in 2015
(3) Non controlling interest acquired in 2015
(4) Entity in liquidation

The financial year end of Telindus- ISIT BV is 30 June. For consolidation purpose additional financial statements are prepared as per 31 December.

Note 6.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

Detail of non-wholly owned subsidiaries of the Group that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		As of 31 December		As of 31 December		As of 31 December	
		2014	2015	2014	2015	2014	2015
BICS (segment)	Belgium	42%	42%	27	17	183	164
Total				**27**	**17**	**183**	**164**

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests

BICS (segment)	2014	2015
Current assets	731	716
Non-current assets	712	665
Current liabilities	648	645
Non-current liabilities	110	97
Equity attributable to owners of the company	685	639
Revenue (total)	1.597	1.616
Expenses (operating)	-1.444	-1.456
Profit for the year	61	39
Profit attributable to owners of the company	35	22
Profit attributable to the non-controlling interests	27	17
Dividends paid to non-controlling interests	33	37
Net cash inflow from operating activities	142	120
Net cash (outflow) from investing activities	-40	-29
Net cash (outflow) from financing activities	-78	-83
Net cash inflow	24	9

BICS shareholder agreement foresees protective rights for the non-controlling interests (see note 1).

Note 6.3 Investments in joint ventures

The Group has a joint-venture interest in the following companies:

Name	Registered office	Country of incorporation	Group's participating interests 2014	2015
Belgian Mobile Wallet SA/NV (1)	Place Sainte-Gudule 5 1000 Brussel VAT BE 541.659.084	Belgium	33%	N/A
Allo Bottin SA (2)	101/109, rue Jean-Jurès 92300 Levalloi-Perret	France	50%	50%
E-Port Communications Systems SA (3)	Slijkensesteenweg 2 8400 Oostende VAT BE 0864.818.940	Belgium	50%	0%

(1) Joint venture of Proximus SA in 2014
(2) In liquidation
(3) sold in 2015

In November 2013 Proximus and BNP Paribas Fortis set up “Belgian Mobile Wallet SA” (“Sixdots”) a 50-50 joint venture to support online and mobile trade in Belgium. During 2014 and 2015 new investors entered the company capital reducing the Group’s share progressively to 20%, leading to the requalification of this investment from a joint venture to associate (see note 6.4).

Note 6.4. Investments in associates

The Group had a significant influence in the following company:

Name	Registered office	Country of incorporation	Group's participating interests 2014	2015
Belgian Mobile Wallet SA/NV (1)	Place Sainte-Gudule 5 1000 Brussel VAT BE 541.659.084	Belgium	N/A	20%
Synductis C.V.B.A	Brusselsesteenweg 199 9090 Melle VAT BE 502.445.845	Belgium	0%	17%
Experience@work C.V.B.A	Minderbroedergang 12 2800 Mechelen VAT BE 627.819.631	Belgium	0%	33%
Tessares SA/NV	Rue Louis de Geer 6 1348 Louvain-la-Neuve VAT BE 600.810.278	Belgium	0%	20%

(1) Joint venture of Proximus SA in 2014

In April 2015, the Group acquired a 20% interest in Tessares, a recent spin-off of the Catholic University of Louvain (UCL) which aspires to become the reference supplier of telecom network convergence software.

At 31 December 2015 the carrying amount of the Group's interest in Belgian Mobile Wallet SA amounted to EUR 1.1 million, down from EUR 3.7 million in 2014. The decrease in value resulted from the Group share in the company loss from continuing operations (EUR 2.1 million), and an impairment loss of EUR 0.5 million.

Per 31 December 2015 the aggregate information on all individually immaterial associates is as follows:

(EUR million)	2015
Carrying amount	2
Profit or loss of continuing operations	2

Note 6.5. Acquisitions and disposal of subsidiaries, joint ventures and associates

In 2014 the Group's investment in ClearMedia NV became a subsidiary. The Group discontinued therefore the use of the equity method. The cash outflow related to this transaction is not material for the Group.

In 2014 the Group disposed its subsidiary Sahara Network Company Limited registered in Damman, Kingdom of Saudi Arabia and the business of Scarlet NV, a telecommunication service provider in the Netherlands, in the context of its liquidation. Both were classified "as held for sale" in 2013.

In 2014 the Group sold also 100% of its share in Group Telindus France to Vivendi and the business of Telindus Limited, a UK subsidiary of Telindus, to Telent Technology Services. The Group paid an amount of EUR 3 million in 2015 as price adjustment in relation with the sale of Telindus Limited business and liquidated the entity afterwards.

Finally the Group contributed in 2014 its mobile remittance activity into a new company, "HomeSend", incorporated together with two other parties. Subsequently, the Group sold part of the obtained shares, lost control and retained a financial stake of 10%.The remeasurement of the retained interest at fair value resulted in the recognition of a non-recurring income of EUR 6 million.

In 2015 the Group acquired the remaining 35.30% stake in Telindus SA (established in Luxembourg) and its subsidiaries from Arcelor Mittal. As the Group already controlled the entity, the transaction qualified as equity transaction. It reduced the equity attributable to owners of the parent by EUR 14 million in 2015.

The net assets disposed in respect of the abovementioned subsidiaries during the year 2014 are summarised as follows:

(EUR million)	Note	Disposals of 2014
Non-current assets disposed of		71
Current assets disposed of, excluding cash and cash equivalents		110
Cash and cash equivalents disposed of		9
Non-current liabilities disposed of		-4
Current liabilities disposed of		-105
Net liabilities of the businesses classified as held for sale, YE 2013		-2
Net assets disposed of		**80**
Liabilities recognized		**-3**
Consideration, net of transaction costs		**110**
Gain/(loss) on disposal		**27**
Including non-recurring income	24	62
Including non-recurring expense	28	-35
The net cash inflow on disposal is as follows:		
Cash received		105
Cash and cash equivalents disposed of with the subsidiaries		-9
Net cash inflow		**95**

Note 7. Other participating interests

The net carrying amount of other participating interests evolved on the following way:

	As of 31 December	
(EUR million)	2014	2015
Net carrying amount as of 1 January	6	8
Additions	6	2
Impairment loss	-4	0
Total	8	9

At 31 December 2015 and 2014, the other participating interests included almost exclusively shares in equity of non-consolidated and non-quoted entities, in a start-up phase, for which no fair value can be reliably determined. These participating interests are carried at cost with adjustment for impairment loss if any.

The fair values of these participations cannot be reliably estimated as concerning start-up companies with not yet stabilized business models. Until those companies leave this start-up phase, the Group will focus on identifying objective indications of impairment losses. Such indications are drawn from quantitative elements (i.e. the company cash position, the cash burn rate, the company results, etc.) and qualitative elements (i.e. discussion with management, the book order, etc.).

In 2014 the Group recognized an impairment loss of EUR 4 million on other participating interests.

Note 8. Income taxes

Gross deferred income tax assets / (liabilities) relate to the following:

	As of 31 December	
(EUR million)	2014	2015
Deferred income tax liabilities		
Accelerated depreciation for tax purposes	-7	-6
Fair value adjustments on acquisition	-109	-94
Statutory provisons not retained under IFRS	-2	-3
Remeasurement of financial instruments to fair value	0	-3
Deferred taxation on sales of property, plant and equipment	-8	-9
Other	-6	-1
Gross deferred income tax liabilities	-133	-116
Deferred income tax assets		
Fair value adjustment on fixed assets	35	32
Liability for post-employment and termination benefits	65	54
Tax losses carried forward	0	0
Capital losses on investments in subsidiaries	1	1
Other	24	23
Gross deferred income tax assets	125	109
Net deferred income tax assets / (liabilities), when grouped per taxable entity, are as follows :		
Net deferred income tax liability	-110	-96
Net deferred income tax asset	102	89

The deferred income tax liabilities decreased in 2015 mainly as a result of the amortization of the assets recognized in 2010 in the purchase price allocation of BICS performed when the Group acquired control.

The deferred income tax assets decreased in 2015 mainly as a consequence of the remeasurement of the liability for post-employment benefits and their payment, the total of which being partially offset by the expense for those post-employment benefits for the period.

The deferred income tax assets on fair value adjustment of fixed assets relate mainly to the elimination of the gain resulting from the intercompany sale at fair value of certain fixed assets.
Deferred tax assets have not been recognized in respect of the losses of subsidiaries that have been loss-making for several years. Cumulative tax losses carried forward and tax deductions available for such companies amounted to EUR 209 million at 31 December 2015 (EUR 230 million in 2014) of which EUR 200 million has no expiration date and EUR 8 million has an expiration date after 2018.

The share of Proximus in the undistributed retained profit of subsidiaries amounts to EUR 4,063 million at 31 December 2015 (EUR 4,344 million in 2014).

No deferred tax liability is recorded for temporary differences associated with investments in subsidiaries except when the parent company controls the reversal of the temporary difference and it is probable that the difference will be reversed in a foreseeable future.

In the income statement, deferred tax income/ (expense) relate to the following:

	Year ended 31 December	
(EUR million)	2014	2015
Relating to deferred income tax liabilities		
Accelerated depreciation for tax purposes	-2	1
Fair value adjustments on acquisition	14	15
Statutory provisons not retained under IFRS	-1	-1
Deferred taxation on sales of property, plant and equipment	1	-1
Other	4	5
Relating to deferred income tax assets		
Fair value adjustment on fixed assets	-3	-2
Remeasurement of financial instruments to fair value	-3	-3
Liability for post-employment and termination benefits	-18	-10
Tax losses carried forward	-1	0
Other	5	-1
Deferred tax expense of the year	**-4**	**3**

The consolidated income statement includes the following tax expense:

	As of 31 December	
(EUR million)	2014	2015
Current income tax		
Current income tax expense	-159	-159
Adjustments in respect of current income tax of previous periods	8	0
Deferred income tax		
Expense resulting from changes in temporary differences	-3	3
Expense resulting from use of tax losses carried forward and tax credits	-1	0
Income tax expense reported in consolidated income statement	**-154**	**-156**

The reconciliation of income tax expense applicable to income before taxes at the statutory income tax rate to income tax expense at the group's effective income tax rate for each of the two years ended is as follows:

	As of 31 December	
(EUR million)	2014	2015
Income before taxes	**835**	**655**
At Belgian statutory income tax rate of 33.99%	284	223
Lower income tax rates of other countries	-3	-1
Income tax consequences of disposal of subsidiaries and other participating interests	-7	-1
Income tax consequences of capital losses on investments in subsidiaries	-4	0
Non-taxable income from subsidiaries	-126	-84
Non-deductible expenditures for income tax purposes	21	17
Other	-11	3
Income tax expense	**154**	**156**
Effective income tax rate	**18.42%**	**23.83%**

The 2015 effective tax rate (ETR) was 23.83% up from 18.4% for 2014. The ETR increase resulted from lower tax deductions in 2015 than in 2014. The ETR was also negatively impacted by the tax liability set up as a result of the "Excess Profit ruling" case (see notes 2 and 40).

The non-taxable income from subsidiaries mainly relates to the application of general principles of tax law such as the notional interest deduction applicable in Belgium

Non-deductible expenditures for income tax purposes primarily relate to various expenses that are disallowed for tax purposes and unrecognized tax losses carried forward.

A tax liability with regard to the "Excess Profit ruling" granted to BICS for the period 2010-2014 is included in the caption "other" and is offset by other current tax adjustments for prior years.

Note 9. Assets and liabilities for pensions, other post-employment benefits and termination benefits

The Group has several plans that are summarized below:

	As of 31 December	
(EUR million)	2014	2015
Termination benefits and additional compensations in respect of restructuring programs	52	35
Defined benefit plans for complementary pension plans (net liability)	80	80
Post-employment benefits other than pensions	372	349
Net liability recognized in the balance sheet	**504**	**464**

The calculation of the liability is based on the assumptions established at the balance sheet date. The assumptions for the various plans have been determined based on both macro-economic factors and the specific terms of each plan relating to the duration and the beneficiary population.
The discount rate used for the valuation of pension plans, other post-employment benefit plans and termination benefits is based on the yield of Eurozone high quality corporate bonds with a duration matching the duration of such plans. Publicly available yield curves for such type of bonds are usually limited to 10 years horizon.

For longer durations, such as for the complementary pension plans and other post-employment benefits, although no yield curve is directly available, the depth of the market is sufficient to allow the determination

of a discount rate for IAS 19 purposes. Proximus estimates the appropriate discount rate on the basis of available market data.

Estimations provided by independent third parties are used for validation purpose. These third party estimations are mainly based on different methodologies and the retained discount rate remains in line with the results of these methodologies. The first methodology consists in building a synthetic yield curve on the basis of the existing high quality corporate bonds. The second methodology consists in combining the risk-free rate for the duration with a credit risk premium to reflect the spread of high quality corporate bonds versus the risk free rate.

Note 9.1. Termination benefits and additional compensations in respect of restructuring programs

Termination benefits and additional compensations included in this chapter relate to employee restructuring programs. No plan assets are accumulated for these benefits.

In 2005, the Group implemented a leave program and a career outphasing program (tutorship). Under the terms of the plan, the Group paid benefits until the year 2015.

In 2007, the Group implemented a voluntary external mobility program to the Belgian State for its statutory employees and a program for unfit statutory employees. Under the terms of this plan, the Group will pay benefits until retirement date of the participant.

Any subsequent re-measurement of the liability for termination benefits and additional compensations is recognized immediately in the income statement.

The funded status of the plans for termination benefits and additional compensations is as follows :

	As of 31 December	
(EUR million)	2014	2015
Defined Benefit Obligation	52	35
Plan assets at fair value	0	0
Benefit obligation in excess of plan assets	**52**	**35**

The movement in the net liability recognized in the balance sheet is as follows :

	As of 31 December	
	2014	2015
At the beginning of the year	104	52
Total expense for the period	-4	2
Actual employer contribution	-48	-19
At the end of the year	**52**	**35**

The liability for termination benefits and additional compensations was determined using the following assumptions:

	As of 31 December	
(EUR million)	2014	2015
Discount rate	0.00% - 0.50%	0.00% - 0.70%
Future price inflation	2%	(1) 2%

(1) Inflation 0% for 2016

Sensitivity analysis

An increase or decrease of 0.5% in the effective discount rate involves a fluctuation of the liability by approximately EUR 1 million.
The Group expects to pay an amount of EUR 5 million for termination benefits and additional compensations in 2016. The payments in 2015 amounted to EUR 19 million.

Note 9.2. Defined contribution and benefit plans for complementary pensions

Defined contribution plans

The Group has some plans based on contributions for qualifying employees. For most of the plans which are operated abroad, the Group does not guarantee a minimum return on the contribution. All the defined contribution plans are not material for the Group.

Defined benefits plans

Proximus SA and some of its Belgian subsidiaries offer defined benefit pension plans for their employees. These plans provide pension benefits for services as of 1 January 1997. They provide benefits based on salary and years of service. They are financed through the Proximus Pension Fund, a legally separate entity created in 1998 for that purpose.

The financing method is intended to finance the current value of future pension obligations (defined benefit obligation – DBO) relating to the years of service already rendered in the company and taking into account future salary increase. The financing method is derived from calculations under IAS 19. The annual contribution is equal to the sum of the service cost, the net financial cost (interest cost on DBO minus the expected return on assets) and the amortization of accumulated actuarial gains and losses exceeding 10% of the higher of the DBO or the assets.

At 31 December 2014 and 2015, the assets of the Pension Fund exceed the minimum required by the pension regulator, being the technical provision. The technical provision represents the amount needed to guarantee the short-term and long-term equilibrium of the Pension Fund. It is constituted of the vested rights increased with an additional buffer amount in order to guarantee the long-term durability of the pension financing. The vested rights represent the current value of the accumulated benefits relating to years of service already rendered in the company and based on current salaries. They are calculated in accordance with the pension rules and applicable law regarding actuarial assumptions.

As for most of defined benefit plans, the pension cost can be impacted (positively or negatively) by parameters such as interest rates, future salary increase and inflation. These risks are not unusual for defined benefit plans.
For the joint complementary defined benefit pension plan, actuarial valuations are carried out at 31 December by external independent actuaries. The present value and the current service cost and past service cost, are measured using the projected unit credit method.

The funded status of the pension plans is as follows :

	As of 31 December	
(EUR million)	2014	2015
Defined Benefit Obligation	480	536
Plan assets at fair value	-400	-456
Deficit	**80**	**80**

The components recognized in the income statement and other comprehensive income are as follows :

(EUR million)	Year ended 31 December 2014	Year ended 31 December 2015
Current service cost - employer	34	41
Net interest	1	1
Recognized in the income statement	**34**	**42**
Remeasurements		
Actuarial gains and losses from changes in financial assumptions	79	-25
Actuarial gains and losses from changes in demographic assumptions (1)	0	35
Actuarial gains and losses arising from experience adjustments	-10	3
Return on assets, excluding interest income	-26	-12
Recognized in other comprehensive income	**42**	**2**
Total	**77**	**43**

(1) The assumptions relating to the assumed retirement age and the mortality have been revised.

The movement in the net liability recognized in the balance sheet is as follows :

(EUR million)	Year ended 31 December 2014	Year ended 31 December 2015
At the beginning of the year	39	80
Expense for the period recognized in the income statement	34	42
Remeasurement recognized in other comprehensive income	42	2
Actual employer contribution	-35	-44
Net deficit	**80**	**80**

Change in plan assets :

(EUR million)	As of 31 December 2014	As of 31 December 2015
At the beginning of the year	344	400
Interest income	14	9
Return on assets, excluding interest income	26	12
Actual employer contribution	35	44
Settlement	-12	0
Benefits payments and expenses	-8	-8
At the end of the year	**400**	**456**

Change in the defined benefit obligation :

(EUR million)	As of 31 December 2014	As of 31 December 2015
At the beginning of the year	383	480
Service cost	34	41
Interest cost	15	11
Settlement	-12	0
Benefits payments and expenses	-8	-8
Actuarial (gains) / losses	68	13
At the end of the year	**480**	**536**

The pension liability was determined using the following assumptions :

(EUR million)	As of 31 December 2014	2015
Discount rate	2.25%	2.4%
Future price inflation	(1) 2.00%	(1) 2.00%
Nominal future salary increase	(2) 1.10%-4.50%	(2) 1.10%-4.50%
Nominal future baremic salary increase	(2) 1.00%-3.15%	(2) 1.00%-3.15%
Mortality	BE MR/FR -2	BE Prospective IA/BE

(1) Inflation 0% for 2016 (2) 1.10% and 1.00% in 2016 no index

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation and real salary increase. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 1%, the estimated impact on the defined benefit obligation would be a decrease (or increase) by around 16% to 20%.

If the inflation rate increases (or decreases) by 0.25%, the defined benefit obligation would increase (or decrease) by around 4% to 6%. If the real salary increases (decreases) by 0.25%, the defined benefit obligation would increase (decrease) by around 8% to 10%.

The assets of the pension plans are detailed as follows:

(EUR million)	As of 31 December 2014	2015
Equity instruments	48.8%	46.5%
Debt instruments	38.1%	39.2%
Convertible bonds	8.4%	8.5%
Other (property, infrastructure, Private equity funds, insurance deposits)	4.7%	5.8%

The investment strategy of the Pension Fund is defined to optimize the return on investment within strict limits of risk control and taking into account the profile of the pension obligations. The relatively long duration of the pension obligations (16.5 years) allows to allocate a reasonable portion of its portfolio to equities. Over the last five years, the pension fund has significantly increased the diversification of its investment portfolio across asset classes, regions and currencies in order to reduce the overall risk and improve the expected return.

At the end of 2015 the portfolio was invested by about 47% in listed equities (in Europe, US and Emerging Markets), about 39% in fixed income (government bonds, corporate bonds, and senior loans) and about 9% in convertible bonds (World ex US), the remaining part being invested in European infrastructure, global private equity and European non-listed real estate. The actual implementation of the investments is outsourced to specialized asset managers.

Nearly all investments are done via mutual investment funds. Direct investments amount for less than 1% of the assets. Equity instruments, debt instruments and convertible bonds have quoted prices in active markets. The other assets, amounting for 5.8 % of the portfolio are not quoted. The Pension Fund does not directly invest in Proximus shares or bonds, but it is not excluded that some Proximus shares or bonds are included in some of the mutual investment funds in which we invest.

The Pension Fund wants to promote the concept of corporate social responsibility among its asset managers. It has therefore drawn up a "Memorandum on Corporate Social Responsibility" defining its policy in this area, in order to encourage them to take these aspects into account in their management decisions.

The Group expects to contribute an amount of EUR 47 million to the Proximus Pension Fund in 2016.

Note 9.3. Post-employment benefits other than pensions

Historically, the Group grants to its retirees post-employment benefits other than pensions in the form of socio-cultural aid premium and other social benefits including hospitalization. There are no plan assets for such benefits.
The hospitalization plan is based on an indexed lump sum per beneficiary.

The funded status of the plans is as follows:

	As of 31 December	
(EUR million)	2014	2015
Defined Benefit Obligation	372	349
Plan assets at fair value	0	0
Net liability recognized in the balance sheet	**372**	**349**

The components recognized in the income statement and other comprehensive income are as follows:

	Year ended 31 December	
(EUR million)	2014	2015
Current service cost - employer	2	4
Interest cost	11	7
Recognized in the income statement	**12**	**12**
Remeasurements		
Actuarial gains and losses from changes in financial assumptions	61	-16
Effect of experience adjustments	-1	-4
Recognized in other comprehensive income	**61**	**-20**
Total	**73**	**-8**

The movement in the net liability recognized in the balance sheet is as follows:

	As of 31 December	
(EUR million)	2014	2015
At the beginning of the year	314	372
Expense for the period recognized in the income statement	12	12
Remeasurement recognized in other comprehensive income	61	-20
Actual employer contribution	-16	-15
At the end of the year	**372**	**349**

The liability for post-employment benefits other than pensions was determined using the following assumptions :

	As of 31 December	
	2014	2015
Discount rate	2.00%	2.25%
Future cost trend (index included)	(1) 2.00%	(1) 2.00%
Mortality	BE MR/FR -2	BE Prospective IA/BE

(1) Socio Cultural Aid as from 2017 index related

The liability for post-employment benefits other than pensions is determined based on the entity's best estimate of the financial and demographic assumptions which are reviewed on an annual basis.
The duration of the obligation is 14.25 years.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit plans obligations are discount rate, inflation, future cost trend and mortality. The sensitivity analysis has been performed based on reasonably possible changes of the respective assumptions, while holding the other assumptions constant.

If the discount rate increases (or decreases) by 1%, the defined benefit obligation would decrease (or increase) by around 13% to 16%.

If the future cost trend increases (or decreases) by 1%, the defined benefit obligation would increase (or decrease) by around 13% to 15%.

If a 1 year age correction would be applied to the mortality tables, the defined benefit obligation would change by around 4%.

The Group expects to contribute an amount of EUR 15 million to these plans in 2016.

Note 9.4. Other liabilities

The Group had a legal obligation to pay child allowance benefits to a limited number of statutory retirees and to the beneficiaries of the employee restructuring programs. In 2014 the related obligation was transferred to the Belgian state bringing the payment of child allowance for civil servants in line with contractual employees. Following the transfer of this obligation Proximus' social security contribution and taxes for civil servants are increased as of 2015. As a consequence, Proximus settled the related liability in 2014 through the income statement (personnel expenses).

The Group participates in a State Defined Benefit plan. The transfer of the statutory pension liability to the Belgian State in 2003 was coupled with an increased employer social security contribution for civil servants as from 2004 with some residual risk remaining. There is an annual compensation mechanism in place to offset certain future increases or decreases in the Belgian State's obligations as a result of actions taken by the Group. The latter did not generate material income statement impacts until 2014. In 2014, Proximus was entitled to EUR 25 million (EUR 10 million with respect to 2013 statutory retirees and EUR 15 million with respect to 2014 statutory retires) and to EUR 15 million in 2015. In the absence of sufficient information notably concerning the accumulated contributions and benefits payments, the plan is accounted for as a defined contribution plan. The compensation payments, calculated by the State, are recognized in accordance with a non IAS 19 method used by the State to determine those amounts. No contributions are expected to be made by the Group to the plan in 2016.

Note 10. Other non-current assets

(EUR million)	Note	As of 31 December 2014	2015
Other derivatives	33.1	29	6
Other financial assets			
Other assets		65	37
Total		94	43

The decrease of the other derivatives results from the partial buy back in April 2015 of the long term debenture in JPY maturing in 2026.

The decrease in other non-current assets is the result of a transfer from long term receivable to short term receivables.

Note 11. Inventories

(EUR million)	As of 31 December 2014	2015
Raw materials, consumables and spare parts	42	41
Work in progress and finished goods	16	19
Goods purchased for resale	59	48
Total	117	108

Inventory is reported net of allowances for obsolescence.

Note 12. Trade receivables

Most trade receivables are non-interest bearing and are usually on 30-90 days terms. Terms are somewhat longer for the receivables of the International Carrier Services segment, since major part of its trade receivables relates to other Telco operators. Given the bilateral nature of ICS business, netting practice is very common but this process can be quite long. The related netting agreements are not legally enforceable.

For non ICS business, the netting payment is also applied with some other telecom operator.

The analysis of trade receivables that were past due but not impaired is as follows:

As of 31 December	Gross receivables	Allowance for doubtful debtors	Net carrying amount	Neither past due nor impaired	Past due but not impaired					
(EUR million)					< 30 days	30-60 days	60-90 days	90-180 days	180-360 days	> 360 days
2013	1.428	-138	1.289	890	121	30	31	58	62	97
2014	1.317	-135	1.182	798	78	33	31	53	59	129
2015	1.281	-141	1.140	783	81	49	23	40	58	107

As of 31 December 2015 and 2014, respectively 69% and 68% of the net carrying amount of the trade receivables were neither past due nor impaired.

For the two years presented, no trade receivables were pledged as collaterals. In 2015, Proximus Group received bank and parent guarantees of EUR 10 million (in 2014 EUR 10 million) as securities for the payment of outstanding invoices.

The evolution of the allowance for doubtful debtors is as follows:

(EUR million)	Note	2014	2015
As of 1 January		-138	-135
Decrease / (increase) posted in operating expenses	27	-1	-8
Disposal of subsidiary		1	0
Other movements		4	2
As of 31 December		-135	-141

Note 13. Other current assets

		As of 31 December	
(EUR million)	Note	2014	2015
VAT receivables		10	4
Derivatives held-for-trading	33.1	11	1
Prepaid expenses		65	85
Other receivables		24	34
Total		111	124

Note 14. Investments

		As of 31 December	
(EUR million)	Note	2014	2015
Deposits	33.4	4	4
Shares in Funds	33.4	4	4
Total		8	8

Investments include shares in funds and mutual funds, treasury certificates and deposits with an original maturity greater than three months but less than one year.

Note 15. Cash and cash equivalents

		As of 31 December	
(EUR million)	Note	2014	2015
Short-termdeposits	33.4	253	263
Cash at bank and in hand	33.4	449	239
Total		702	502

Short-term deposits including deposits and treasury certificates held-to-maturity, are made for periods varying between one month and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 16. Assets classified as held for sale

In December 2013, the Group entered into an agreement to dispose Sahara Network Company Limited registered in Damman, Kingdom of Saudi Arabia, which is engaged in telecommunication and information technology business.

Also in December 2013, an agreement was reached on the disposal of the business of Scarlet NV, a telecommunication service provider in the Netherlands, in the context of a liquidation of this company.

On 31 December 2013, the criteria to classify both entities as held for sale were met leading to the recognition of impairment losses for EUR 22 million (of which EUR 17 million through non-recurring expenses) as the proceeds for both transactions would be lower than the carrying amount of the related assets and associated liabilities.

Both transactions were completed in first half of 2014 on which date the control of the operations passed to the acquirers.

Note 17. Equity

Note 17.1 Shareholders' equity

At 31 December 2015, the share capital of Proximus SA amounted to EUR 1 billion (fully paid up), represented by 338,025,135 shares, with no par value and all having the same rights, provided such rights are not suspended or cancelled in the case of treasury shares. The Board of Directors of Proximus SA is entitled to increase the capital for a maximum amount of EUR 200 million.

The Company may acquire its own shares and transfer the shares thus acquired in accordance with the provisions of the Commercial Companies Code. The Board of Directors is empowered by article 13 of the Articles of Association to acquire the maximum number of own shares permitted by law. The price paid for these shares must not be more than five percent above the highest closing price in the thirty-day trading period preceding the transaction nor more than ten percent below the lowest closing price in that same thirty-day period. Said authorization is granted for a period of five years as of 16 April 2014.

Distribution of retained earnings of Proximus SA, the parent company, is limited by a restricted reserve built up in prior years in accordance with Belgian Company Law up to 10% of Proximus' issued capital. Proximus SA has a statutory obligation to distribute 5% of the parent company income before taxes to its employees. In the accompanying consolidated financial statements, this profit distribution is accounted for as personnel expenses.

In December 2015, a new law was adopted by the Belgian Parliament with the purpose of modernizing the 1991 Law reforming certain economic public companies, especially by the flexibility of certain organizational constraints in order to create a level playing field with competing companies, by aligning the corporate governance to the normal rules for listed companies in Belgium and by defining the framework for the government to decrease their participation below 50%. The Board will at the next General Shareholders meeting propose a number of changes to the bylaws in order to incorporate the amendments made to the 1991 Law.

On 31 December 2015, the number of treasury shares amounts to 16,021,384 of which 1,367,395 entitled to dividend rights and 14,653,999 without dividend rights. Dividends allocated to treasury shares entitled to dividend rights are accounted for under the caption "Reserves not available for distribution" in the statutory financial statements of Proximus SA.

In 2015 and 2014, the Group sold respectively 1,047 and 1,321 treasury shares to its senior management for less than EUR 1 million under discounted share purchase plans at a discount of 16.70% (see note 36).

During the years 2015 and 2014, employees exercised respectively 772,107 and 2,025,095 share options. In order to honor its obligation in respect of these exercises, Proximus used treasury shares (see note 36).

In 2015 and 2014, no share options were granted by the Group to its key management and senior management

Number of shares (including treasury shares):	2014	2015
As of 1 January	338,025,135	338,025,135
As of 31 December	338,025,135	338,025,135

Number of treasury shares:	2014	2015
As of 1 January	18,820,954	16,794,538
Sale under a discounted share purchase plan	-1,321	-1,047
Exercice of stock option	-2,025,095	-772,107
As of 31 December	16,794,538	16,021,384

Note 17.2 Non-controlling interests

Non-controlling interests include the 42.4% of the minority shareholders (Swisscom and MTN Dubai) into BICS as from 1 January 2010;

In 2015 the Group acquired the remaining 35.30% stake in Telindus SA (established in Luxembourg) and its subsidiaries from Arcelor Mittal (see note 6.5)

Note 18. Interest-bearing liabilities

Note 18.1 Non-current interest-bearing liabilities

		As of 31 December	
(EUR million)	Note	2014	2015
Unsubordinated debentures		2,363	1,753
Leasing and similar obligations		3	3
Other derivatives	33.1	20	4
Total		**2,386**	**1,761**

All long term debt is unsecured. During 2014 and 2015 there have been no defaults or breaches on loans payables.

Over the two years presented, interest rate swaps (IRS) and interest rate and currency swaps (IRCS) were used to manage the currency and interest rate exposure on the JPY unsubordinated debentures. The swaps enabled the Group to transform the interest rate on these debentures from a fixed interest rate to a floating interest rate or vice versa.
Unsubordinated debentures in EUR and in JPY are issued by Proximus SA. The capital is repayable in full on the maturity date.

On 26 March 2014 the Group issued a ten-year unsubordinated bond for EUR 600 million under the Euro Medium Term Note program and on September, 21st 2015, an additional unsubordinated bond for EUR 500 million. This latest issuance was cash settled in October 2015.
In April 2015, the Group repurchased 85% of JPY 10 billion Notes due in December 2026 and unwound the related IRCS.

On 1 October 2015 Proximus repurchased 29% of its EUR 950 million bond due in November 2016 and 19% of its EUR 500 million bond due in February 2018.

The foreign currency exposure on the remaining liability in JPY is fully hedged economically by an interest rate and currency swap converting it into liability in EUR (see note 33).

Non-current interest-bearing liabilities as of 31 December 2015 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	12	11	Amortized cost	Dec-26	Semi-annually	-0.22%	-0.22%
Fixed rate borrowings							
EUR	403	405	Amortized cost	Feb-18	Annually	3.88%	4.05%
EUR	150	150	Amortized cost	Mar-28	Annually	3.19%	3.22%
EUR	100	100	Amortized cost	May-23	Annually	2.26%	2.29%
EUR	596	600	Amortized cost	Apr-24	Annually	2.38%	2.46%
EUR	492	500	Amortized cost	Oct-25	Annually	1.88%	2.05%
	1,741	**1,755**					
Total unsubordinated debentures	**1,753**	**1,766**					
Leasing and similar obligations							
EUR	3	3	Amortized cost	2020	Quarterly	4.59%	4.59%
Total non-current financial liabilities (derivatives excluded)	**1,756**	**1,769**					
Derivatives							
Derivatives held-for-trading	4		Fair value				
Total	**1,761**	**1,769**					

(a) converted into a loan in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2015

Non-current interest-bearing liabilities as of 31 December 2014 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Floating rate borrowings							
JPY (a)	82	73	Amortized cost	Dec-26	Semi-annually	0,00%	0,00%
Fixed rate borrowings							
EUR	748	750	Amortized cost	Nov-16	Annually	4,38%	4,50%
EUR	190	200	Amortized cost	Nov-16	Annually	4,38%	7,16%
EUR	498	500	Amortized cost	Feb-18	Annually	3,88%	4,05%
EUR	150	150	Amortized cost	Mar-28	Annually	3,19%	3,22%
EUR	100	100	Amortized cost	May-23	Annually	2,26%	2,29%
EUR	596	600	Amortized cost	Apr-24	Annually	2,38%	2,46%
	2.281	**2.300**					
Total unsubordinated debentures	**2.363**	**2.373**					
Leasing and similar obligations							
EUR	3	3	Amortized cost	2017	Quarterly	4,86%	4,86%
Total non-current financial liabilities (derivatives excluded)	**2.366**	**2.375**					
Derivatives							
Derivatives held-for-trading	20		Fair value				
Total	**2.386**	**2.375**					

(a) converted into a loan in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2015

Note 18.2 Current interest-bearing liabilities

(EUR million)	Note	As of 31 December 2014	2015
Unsubordinated debentures		151	671
Leasing and similar obligations		2	2
Derivatives	33.1	9	0
Total		**162**	**674**

The increase in unsubordinated debentures compared to 2014 results from the transfer from non-current to current of debentures maturing in 2016.

The table below details the current portion of the unsubordinated debentures maturing within one year.

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Fixed rate borrowings							
EUR	533	533	Amortized cost	Nov-16	Annually	4.38%	4.50%
EUR	139	142	Amortized cost	Nov-16	Annually	4.38%	7.16%
	671	**675**					

Current interest-bearing liabilities as of 31 December 2014 are summarised as follows:

	Carrying amount (EUR million)	Nominal amount (EUR million)	Measurement under IAS 39	Maturity date	Interest payment / repriceable (b)	Interest rate payable	Effective interest rate
Unsubordinated debentures							
Fixed rate borrowings							
JPY (a)	75	73	Amortized cost	Nov-15	Annually	6,18%	6,18%
JPY (a)	76	72	Amortized cost	Dec-15	Annually	6,21%	6,21%
	151	**145**					
Leasing and similar obligations							
Fixed rate borrowings							
EUR	2	2	Amortized cost	2017	Quarterly	4,86%	4,86%
Derivatives							
Derivatives held-for-trading	9						
Total	**162**	**147**					

(a) converted into a loan in EUR via currency interest rate swap

(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2015

Note 19. Provisions

(EUR million)	Workers' accidents	Litigation	Illness days	Other Obligations	Total
As of 1 January 2014	**37**	**77**	**36**	**53**	**204**
Additions	2	16	-1	8	26
Utilisations	-3	-22	0	-8	-32
Withdrawals	0	-46	0	-4	-50
Unwinding and change in discount rate	-1	0	1	7	7
As of 31 December 2014	**35**	**26**	**36**	**57**	**154**
Additions	0	10	4	14	28
Utilisations	-1	-1	0	-12	-14
Withdrawals	0	-4	0	-8	-11
Unwinding	0	0	1	0	1
As of 31 December 2015	**35**	**31**	**41**	**51**	**157**

The provision for workers' accidents relates to compensation that Proximus SA could pay to members of personnel injured (including professional illness) when performing their job and on their way to work. Until 31 December 2002, according to the law of 1967 (public sector) on labor accidents, compensation was funded and paid directly by Proximus. This provision (annuities part) is based on actuarial data including mortality tables, compensation ratios, interest rates and other factors defined by the law of 1967 and calculated with the support of a professional insurer. Taking into account the mortality table, it is expected that most of these costs will be paid out until 2062.

As from 1 January 2003, contractual employees are subject to the law of 1971 (private sector) and statutory employees remain subject to the law of 1967 (public sector). For both the contractual and statutory employees, Proximus is covered as from 1 January 2003 by insurance policies for workers' accidents and therefore will not directly pay members of personnel.
The provision for litigation represents management's best estimate for probable losses due to pending litigation where the Group has been sued by a third party or is subject to a judicial or tax dispute. The expected timing of the related cash outflows depends on the progress and duration of the underlying judicial procedures.

The provision for illness days represents management's best estimate of probable charges related to the granting by Proximus of accumulating non-vesting illness days to its statutory employees. The provision has been determined based on statistical data.

The provision for other obligations per end of 2015 mainly includes the expected costs for dismantling and restoration of mobile antenna - environmental risks and sundry risks. It is expected that most of these costs will be paid during the period 2016-2045. The provision for restoration costs is estimated at current prices and discounted using a discount rate that varies between 0% and 4%, depending the expected timing to settle the obligation.

Note 20. Other non-current payables

(EUR million)	As of 31 December 2014	As of 31 December 2015
Other amounts trade payable	178	185
Total	**178**	**185**

Long term payables include licenses (see note 4). They also include broadcasting and content rights payable over the part of the contract duration that is more than one year (mostly less than 3 years).

Note 21. Other current payables

(EUR million)	Note	As of 31 December 2014	As of 31 December 2015
VAT payables		8	6
Payables to employees		134	127
Accrual for holiday pay		85	84
Accrual for social security contributions		51	55
Advances received on contracts		9	12
Other taxes		102	97
Deferred income		135	137
Other derivatives	33.4	5	0
Accrued expenses		42	38
Other debts		20	14
Total		**591**	**570**

Deferred income mainly includes prepaid telecommunication and ICT services.

Note 22. Net revenue

(EUR million)	Year ended 31 December 2014	Year ended 31 December 2015
Sales and rental of goods	583	547
Rendering of services	5,378	5,397
Total	**5,961**	**5,944**

Note 23. Other operating income

(EUR million)	Year ended 31 December 2014	Year ended 31 December 2015
Gain on disposal of intangible assets and property, plant and equipment	46	21
Other income	43	47
Total	**89**	**68**

The Group realized in 2015 a gain on disposal of fixed assets of EUR 21 million. The cash received from disposals amounts to EUR 39 million.

Other income includes compensation for network damages (EUR 9 million in 2015) as well as employee and third party contributions for sundry services.

Note 24. Non-recurring income

Gains on the disposal of subsidiaries and joint-ventures are reported as non-recurring income when they individually exceed EUR 5 million. The non-recurring gain of EUR 62 million in 2014 relates to the disposal of subsidiaries (see note 6.5).

There was no non-recurring income in 2015.

	Year ended 31 December	
(EUR million)	2014	2015
Gain on disposal of subsidiaries	62	0
Total	**62**	**0**

Note 25. Costs of materials and services related to revenue

	Year ended 31 December	
(EUR million)	2014	2015
Purchases of materials	416	410
Purchases of services	2,004	1,967
Total	2,420	2,377

Purchases of materials are shown net of work performed by the enterprise that is capitalized for an amount of EUR 109 million in 2015 and EUR 81 million in 2014.

Note 26. Personnel expenses and pensions

	Year ended 31 December	
(EUR million)	2014	2015
Salaries and wages	777	740
Social security expenses	197	189
Pension costs	34	41
Post-employment benefits other than pensions and termination benefits	-6	9
Other personnel expenses	39	33
Total	**1,041**	**1,011**

The 2014 personnel expenses include the positive impact from the settlement of the liability for child allowance (see note 9.4) and of the compensation mechanism with Belgian State related to the retired statutory employees (note 9.4). The negative impact from the re-measurement of the liability component of the past long term incentive plans as a result of the recent Proximus share-price evolution is also included in these personnel expenses.

The positive impacts of 2015 compensation mechanism and above mentioned re-measurement are included in the 2015 personnel expenses (see note 9.4).

Salaries and wages and social security expenses are shown net of work performed by the enterprise that is capitalized for an amount of EUR 103 million in 2015 and EUR 100 million in 2014.

Note 27. Other operating expenses

	Year ended 31 December	
(EUR million)	2014	2015
Rent expense	117	117
Maintenance and utilities	197	180
Advertising and public relations	91	83
Consultancy	147	139
Administration and training	68	67
Telecommunications, postage costs and office equipment	44	44
Outsourcing	135	134
Allowances for trade debtors	1	8
Loss on realization of trade debtors	29	27
Taxes other than income taxes	19	37
Other operating charges (1)	21	144
Total	**869**	**980**

(1) unrealized and realized net exchange losses of EUR 1.1 million in 2015 and 1 million in 2014.

In December 2013, the Walloon government adopted a decree which imposes a tax on pylons of EUR 8,000 per 'site', applicable to all mobile operators for the 2014 financial year. Under this legislation all users of 'sites' are jointly liable towards the Walloon region for the tax related to shared sites. Proximus considers the legality to be questionable. Further to the developments in 2014 amongst new decrees for fiscal year 2015, the implementation measures and the assessment notice received for the fiscal year 2014 amounting to EUR 13 million Proximus recognized a liability in 2014. On 16 July 2015, the Constitutional Court annulled the Walloon decree of December 2013 but deemed that the tax could be upheld for 2014, "given the financial problems that the annulment decision would entail". Per 16 December 2015 the Walloon Region sent out a notification of change of the tax return referring to the judgement of the Constitutional Court. A reaction against this notification has been filed per 15 January 2016. A procedure before the Constitutional Court is still pending with respect to the (similar) decree applicable for 2015 and for which a liability is recognized in 2015. On 6 October 2015, the European Court of Justice concluded in a KPN/Base vs Ville de Mons case that a tax on pylons is not, per se, in contradiction with European law. This position was confirmed by the Court in two Proximus cases, on 17 December 2015. Nevertheless, Proximus will continue to use other arguments in its legal proceedings against similar taxes.

Taxes other than income tax increased in 2015 as 2014 was impacted by the settlement of network related dispute.

In October 2015, KPN, BASE Company, Mobistar and Proximus agreed to settle all outstanding litigation related to the practice of applying tariffs from the past for mobile telecommunication services that are differentiated between on-net and off-net voice communications. The settlement agreement involves the payment of an amount of EUR 120 million. The related cost is included in other operating charges.

Note 28. Non-recurring expenses

(EUR million)	Year ended 31 December 2014	2015
Loss on disposal of subsidiaries	35	0
Termination benefits and restructuring	-7	-3
Total	**27**	**-2**

Losses on the disposal of subsidiaries and joint-ventures that individually exceed EUR 5 million, costs of restructuring programs, and the effect of settlements of post-employment benefit plans with impacts for the beneficiaries are recognized as non-recurring expenses. In 2014 and 2015 the Group reviewed the estimation of the liability for termination benefits and restructuring plans resulting in positive impacts of EUR 3 million in 2015 and EUR 7 million in 2014.

In 2014 the group recognized a loss on disposal of subsidiaries for EUR 35 million (see note 6.5).

In 2015 there was no loss on disposal of subsidiaries.

Note 29. Depreciation and amortization

(EUR million)	Year ended 31 December 2014	2015
Amortization of licenses and other intangible assets	326	342
Depreciation of property, plant and equipment	495	528
Total	**821**	**869**

Note 30. Net finance income / costs

(EUR million)	Year ended 31 December 2014	2015
Finance income		
Interest income on financial instruments		
At amortized cost	1	1
Interest income on assets		
On receivables	23	5
Fair value adjustments of financial instruments		
Not in a hedge relationship	7	7
Gain on disposal of		
Enterprises accounted for using the equity method	1	0
Investments	0	2
Bonds buy back	0	6
Other finance income	0	1
Finance costs		
Interests and debt charges on financial instruments		
At amortized cost (1)	-94	-95
At fair value through income statement (1)	-1	-1
On long term payables	-3	-4
Loss on disposal of		
Bonds buy back	0	-25
Discounting charges		
On provisions	-7	0
On termination benefits	-16	-10
Impairment losses		
On other participating interests	-4	0
Other finance costs	-3	-4
Total	**-96**	**-120**

(1) 2014 figures restated : interests paid for JPY bonds disclosed in 2015 under caption "at amortized costs"

The Group partially settled on 1 April 2015 a long term unsubordinated debenture in JPY maturing in 2026. The transaction generated a gain of EUR 6 million.

The Group paid on 1 October 2015 a premium of EUR 25 million for the partial settlement of the two bonds due in 2016 and 2018.

Interests on receivables decreased significantly compared to 2014 thanks to the settlement of a network related dispute.

The total of the agios/disagios amortization related to the non JPY bonds and the bond buy back premium paid for these bonds amounted to EUR 31 million in 2015.

Note 31. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year, both adjusted for the effects of dilutive potential ordinary shares.

The following table reflects the income and share data used in the computation of basic and diluted earnings per share.

	Year ended 31 December	
(in millions, except per share amounts)	2014	2015
Net income attributable to ordinary shareholders (EUR million)	654	482
Weighted average number of outstanding ordinary shares	320,119,106	321,767,821
Adjustment for share options	890,692	504,651
Weighted average number of outstanding ordinary shares for diluted earnings per share	321,009,798	322,272,472
Basic earnings per share (EUR)	2.04	1.50
Diluted earnings per share (EUR)	2.04	1.50

In 2014 and 2015, the stock options granted from 2004 until 2012 were dilutive and hence included in the calculation of diluted earnings per shares.

Note 32. Dividends paid and proposed

(in millions, except per share amounts)	2014	2015
Dividends on ordinary shares:		
Proposed dividends (EUR million)	482	483
Number of outstanding shares with dividend rights	321,230,597	322,003,751
Dividend per share (EUR)	1.5	1.5
Interim dividend paid to the shareholders (EUR million)	161	161
Interim dividend per share (EUR)	0.50	0.50

The proposed dividends for 2014 have been effectively paid in April 2015. The interim dividends for 2015 have been paid in December 2015.

An amount of EUR 6.5 million was paid in 2015 at the time of exercise of stock options and corresponds to the accumulated dividends attached to the SOP since their granting.

Note 33. Additional disclosures on financial instruments

Note 33.1. Derivatives

The Group makes use of derivatives such as interest rate swaps (IRS), interest rate and currency swaps (IRCS), forward foreign exchange contracts and currency options.

(EUR million)	Note	2014	2015
Non-current assets			
Derivatives held for trading	10	29	6
Current assets			
Interest-bearing			
Derivatives held for trading		7	0
Non-interest-bearing			
Derivatives held-for-hedging		1	0
Derivatives held for trading	13	2	0
Total assets		**40**	**6**
Non-current liabilities			
Interest-bearing			
Derivatives held for trading	18	20	4
Current liabilities			
Interest-bearing			
Derivatives held for trading		9	0
Non-interest-bearing			
Derivatives held for trading	33.4	5	0
Total liabilities		**35**	**5**

The tables below show the positive and negative fair value of derivatives, included in the balance sheet respectively as current/non-current assets or liabilities.

As of 31 December 2015	Fair value	
(EUR million)	Asset	Liability
Interest rate and currency swaps	6	0
Interests and currency related - other derivatives	0	-4
Derivatives not qualifying for hedge accounting	**6**	**-5**
Total	**6**	**-5**

As of 31 December 2014	Fair value	
(EUR million)	Asset	Liability
Forward foreign exchange contracts	1	0
Derivatives qualifying for hedge accounting	**1**	**0**
Commodity swap	0	-4
Interest rate swaps	0	-8
Interest rate and currency swaps	29	-1
Interests and currency related - other derivatives	7	-20
Forward foreign exchange contracts	2	-1
Derivatives not qualifying for hedge accounting	**39**	**-35**
Total	**40**	**-35**

Commodity swaps relate to highly probable forecasted purchases of diesel and electricity meant for the Group's own use. The mark-to-market value of these swap positions was a liability of EUR 4 million at year end 2014. At 31 December 2014, the Group economically hedged commodity commitments amounted to

EUR 28 million, most of which due before year end 2015. Hedge accounting for those derivatives was discontinued in December 2014 as not meeting IAS 39 requirements. All swaps contracts matured in 2015.

Interest rate and currency swaps (IRCS) are used to manage the currency and interest rate exposure on the remaining JPY 1.5 billion unsubordinated debentures (see note 18).

Forward foreign exchange contracts concerned mainly the forward purchase of USD against EUR for forecasted business transactions, most of which will settle before year end 2016.

Note 33.2 Financial risk management objectives and policies

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The main risks arising from the Group's use of financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group is also exposed to financial risks associated with forecasted transactions.

All financial activities are subject to the principle of risk minimization. To achieve this, all matters related to funding, foreign exchange, interest rate and counterparty risk management are handled by a centralized Group Treasury department. Simulations are performed using different market (including worst case) scenarios with a view to estimating the effects of varying market conditions. All financial transactions and financial risk positions are managed and monitored in a centralized treasury management system.

Group Treasury operations are conducted within a framework of policies and guidelines approved by the Executive Committee and the Board of Directors. Group Treasury is responsible for implementing these policies. According to the policies, derivatives are used to hedge interest rate and currency exposures. Derivatives are used exclusively as hedging instruments, i.e., not for trading or other speculative purposes. Derivatives used by the Group mainly include forward exchange contracts and currency options.

The Group's internal auditors regularly review the internal control environment at Group Treasury.

Interest rate risk

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. Group Treasury manages exposure of the Group to changes in interest rates and the overall cost of financing by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk minimization and avoidance of volatility in financial results, whilst taking into account market conditions and opportunities as well as overall business strategy.

The tables below summarize the non-current interest-bearing liabilities (including their current portions, excluding leasing and similar obligations), the interest rate and currency swap agreements (IRCS), the interest rate swap agreements (IRS) and the net currency obligations of the Group at 31 December 2014 and 2015.

As of 31 December 2015

	Direct borrowing			IRCS agreements			IRS agreements			Net currency obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR												
Fixed	2,430	2.48%	6							2,430	2.48%	6
Variable				11	-0.22%	11				11	-0.22%	11
JPY												
Fixed	11	5.04%	11	-11	-5.04%	11				0		
Total	**2,441**	**2.50%**	**6**	**0**						**2,441**	**2.46%**	**6**

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

As of 31 December 2014

	Direct borrowing			IRCS agreements			IRS agreements			Net currency obligations		
	Notional amount	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity	Amount payable (receivable)	Weighted average interest rate (1)	Average time to maturity
	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)	(EUR million)		(in years)
EUR												
Fixed	2,300	3.01%	5				144	6.20%	1	2,444	3.04%	5
Variable				217	0.06%	5	-144	-0.18%	1	73	0.04%	12
JPY												
Fixed	217	4.99%	5	-217	-4.99%	5				0		
Total	**2,517**	**3.15%**	**5**	**0**			**0**			**2,517**	**2.84%**	**5**

(1) Weighted average interest rate taking into account last repriced interest rates for floating borrowings.

The Group does not expect material impacts for 2016 on the income statement resulting from interest payable on floating rate borrowings on the one hand and from re-measurement at fair value in income statement of some derivatives that do not qualify as hedging instruments on the other hand.

Foreign currency risk

The Group's main currency exposures result from its operating activities. Such exposure arises from sales or purchases by operating units in currencies other than their respective functional currency. Transactions in currencies other than the functional currency mainly occur in the International Carrier Services ("ICS") segment whose international carrier activities generate payments to and receipts from other telecommunications operators in various foreign currencies, as well as in some affiliates of the Telindus subgroup running USD denominated operating activities and finally also, in relationship with international activities (roaming, capital and operating expenditure) of the Group.

Risks from foreign currencies are hedged to the extent that they are liable to influence the Group's cash flows. Foreign currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) as a rule are not hedged. However, the Group could envisage hedging such so-called translation differences should their potential impact become material to the Group's consolidated financial statements.
The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

In 2014 and 2015, the Group only incurred currency exposures relative to its operating activities. Re-measurement to fair value of underlying open trade positions in foreign currencies as a rule is recorded via the income statement and reduced or offset by the accompanying re-measurement to fair value of derivatives used to hedge such underlying exposures. In a limited number of cases however, hedge accounting has been applied, whereby such re-measurement results are temporarily being recorded on the balance sheet, awaiting final occurrence and settlement of underlying, so-called "hedge effective", exposures, when the foreign exchange results ultimately are included in the income statement.

The Group performed a sensitivity analysis on the exchange rates EUR/USD, EUR/SDR[12] EUR/GBP, and EUR/CHF, four currency pairs to which it is typically exposed in its operating activities, for the years 2014 and 2015. For 2014 and 2015, there was no material impact on the Group's income statement. For 2016, the Group does not expect any material impact of currency fluctuations on its overall financial performance either, provided and as was the case before, timely and adequate hedging of such exposures can be performed as soon as they are recognizable in the ordinary course of business.

Credit risk and significant concentrations of credit risk

Proximus is exposed to credit risk from its operating activities and from its investing activities (financial investments done to manage cash of the Group). Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to Proximus in relation to lending, hedging, settlement and other financial activities.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations in relation to each class of recognized financial assets, including derivatives with positive market value, is the carrying amount of those assets in the balance sheet and bank guarantees granted.

To reduce the credit risk in respect of financing activities and cash management of the Group, transactions as a rule are only entered into with leading financial institutions whose long term credit ratings equal at least A- (S&P).

Credit risk on operating activities with significant clients is managed and controlled on an individualized basis. When needed, the Group requests additional collaterals. These significant customers are however not material to the Group, since the client portfolio of the Group is mainly composed of a large number of small customers. Hence, credit risk and concentration of credit risk on trade receivables is limited. For amounts receivable from other telecommunication companies, the concentration of credit risk is also limited due to netting agreements (see note 12) with accounts payable to these companies, prepayment obligations, bank guarantees, parent guarantees and the use of credit limits obtained via credit insurance.

The Group is exposed to credit loss in the event of non-performance by counterparty on financial derivatives (see note 33.1). However, the Group does not anticipate non-performance by any of these counterparties, seeing it only deals with prime financial institutions. In addition, the Group is exposed to credit risk by occasionally granting financial guarantees. At 31 December 2015, it had granted bank guarantees (with recourse) for an amount of EUR 48 million (and EUR 79 million at 31 December 2014).

Liquidity risk

In accordance with the treasury policy, Group Treasury manages its overall cost of financing by using a mix of fixed and variable rate debts.

A liquidity reserve in the form of credit lines and cash is maintained to guarantee the solvency and financial flexibility of the Group at all times. For this purpose, Proximus SA entered into bilateral credit agreements

[12] SDR: Special Drawing Rights: basket of currencies, transactional money used in netting agreements between telecom operators

with different maturities and into two separate Syndicated Revolving Facilities for an amount of EUR 650 million. For medium to long-term funding, the Group uses bonds and medium term notes. The maturity profile of the debt portfolio is spread over several years. Group Treasury frequently assesses its funding resources taking into account its own credit rating and general market conditions.

The table below summarizes the maturity profile of the Group's unsubordinated debentures as disclosed on note 18 at each reporting date. This maturity profile is based on contractual undiscounted interests payments and capital reimbursements and takes into account the impact on cash flows of interest rate derivatives used to convert fixed interest rate liabilities into floating interest rate liabilities and vice versa. For floating rate liabilities, interest rates used to determine cash outflows are the ones prevailing at their last price fixing date before reporting date (as of 31 December 2014 and 2015, respectively).

(EUR million)	2015	2016	2017	2018	2019	2020-2028
As of 31 December 2014						
Capital	145	950	0	500	0	923
Interests	93	86	44	44	25	149
Total	**238**	**1,036**	**44**	**544**	**25**	**1,071**
As of 31 December 2015						
Capital		675	0	405	0	1,361
Interests		76	47	47	31	183
Total		**752**	**47**	**452**	**31**	**1,544**

Bank credit facilities at 31 December 2015

In addition to the interest-bearing liabilities disclosed in notes 18.1 and 18.2, the Group is backed by long term credit facilities of EUR 600 million and short term credit facilities of EUR 75 million. These facilities are provided by a diversified group of banks. As at 31 December 2015, there were no outstanding balances under any of these facilities. A total of some EUR 675 million of credit lines was therefore available for drawdown as at 31 December 2015.

The Group has also established a EUR 3.5 billion Euro Medium Term Note ("EMTN") Program and a EUR 1 billion Commercial Paper ("CP") Program. As at 31 December 2015, there was an outstanding balance under the EMTN Program of EUR 2,430 million, whereas no amounts were outstanding under the CP Program.

Note 33.3 Net financial position of the Group and capital management

The Group defines the net financial position as the net amount of investments, cash and cash equivalents minus any interest-bearing liabilities and related derivatives (including re-measurement to fair value). The net financial position does not include non-current trade payables.

(EUR million)	Note	2014	2015
Assets			
Current investments (1)	14	8	8
Cash and cash equivalents (1)	15	702	502
Non-current derivatives	10	29	6
Current derivatives		9	0
Liabilities			
Non-current interest-bearing liabilities (1)	18	-2,386	-1,761
Current interest-bearing liabilities (1)	18	-162	-674
Net financial position		**-1,800**	**-1,919**

(1) after remeasurement to fair value, if applicable.

Non-current interest-bearing liabilities include non-current derivatives at fair value amounting to EUR 16 million in 2014 and EUR 4.4 million in 2015 (see note 18.1).

The purpose of the Group's capital management is to maintain net financial debt and equity ratios that allow for security of liquidity at all times via flexible access to capital markets, in order to be able to finance strategic projects and to offer an attractive remuneration to shareholders. The latter was updated by the Proximus Board of Directors of 25 February 2010 and Proximus now commits to return, in principle, most of its annual cash flow before financing activities (or "Free Cash Flow"), to its shareholders. The return of free cash flow either through dividends or share buybacks will be reviewed on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective merger and acquisition projects, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves. Furthermore, as approved by the Proximus Board of Directors on 27 February 2014, Proximus' Board of Directors intends to pay out a stable dividend of EUR 1.50 per share (interim dividend of EUR 0.50 and ordinary dividend of EUR 1.00) for the next 3 years to come (2014, 2015 & 2016), provided Proximus' financial performance be in line with its expectations.

Over the two years presented, the Group did not issue new shares or any other dilutive instruments.

Note 33.4 Categories of financial instruments

The Group occasionally uses interest rate and currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest bearing liabilities (see note 33.2).

The following tables present the Group's financial instruments per category defined under IAS 39, as well as gains and losses resulting from re-measurement to fair value. Based on market conditions at 31 December 2015, the fair value of the unsubordinated debentures, which are accounted for at amortized cost exceeds by EUR 117 million, or 4.5%, their carrying amount.

The fair values, calculated for each debenture separately, were obtained by discounting the cumulated cash outflows generated by each debenture with the interest rates at which the Group could borrow at 31 December 2015 for similar debentures with the same remaining maturities.

As of 31 December 2015

(EUR million)

	Note	Category according to IAS 39 (1)	Carrying amount	Amounts recognized in balance sheet according to IAS 39			
				Amortized cost	Acquisition cost net of impairment losses, if any	Fair value adjustment recognized in equity	Fair value adjustment recognized in income statement
ASSETS							
Non-current assets							
Other participating interests	7	AFS	9		9	0	
Other non-current assets							
Other derivatives	33.1	FVTPL	6				6
Other financial assets	10	LaR	37	37			
Current assets							
Trade receivables	12	LaR	1.140	1.140			
Other current assets							
VAT and other receivables	13	N/A	39	39			0
Investments	14	AFS	4		4	0	
Investments	14	HTM	4	4			
Cash and cash equivalents							
Short-term deposits	15	LaR	502	502			
LIABILITIES							
Non-current liabilities							
Interest-bearing liabilities							
Unsubordinated debentures not in a hedge relationship	18	OFL	1.753	1.753			
Leasing and similar obligations	18	OFL	3	3			
Other derivatives	33.1	FVTPL	4				4
Non interest-bearing liabilities							
Other non-current payables	20	OFL	185	185			
Current liabilities							
Interest-bearing liabilities, current portion							
Unsubordinated debentures not in a hedge relationship	18	OFL	671	671			
Leasing and similar obligations	18	OFL	2	2			
Trade payables		OFL	1.330	1.330			
Other current payables							
V.A.T. and other amounts payable	21	N/A	298	298			

(1) The categories according to IAS 39 are the following :

AFS: Available-for-sale financial assets

HTM: Financial assets held-to-maturity

LaR: Loans and Receivables financial assets

FVTPL: Financial assets/liabilities at fair value through profit and loss

OFL: Other financial liabilities

Hedge activity

HeAc: Hedge accounting

As of 31 December 2014

(EUR million)

	Note	Category according to IAS 39 (1)	Carrying amount	Amounts recognized in balance sheet according to IAS 39			
				Amortized cost	Acquisition cost net of impairment losses, if any	Fair value adjustment recognized in equity	Fair value adjustment recognized in income statement
ASSETS							
Non-current assets							
Other participating interests	7	AFS	8		7	0	
Other non-current assets							
Other derivatives	33.1	FVTPL	29				29
Other financial assets	10	LaR	61	61			
Current assets							
Trade receivables	12	LaR	1.194	1.194			
Other current assets							
VAT and other receivables	13	N/A	34	34			
Derivatives held for trading - bearing - int.	33.1	FVTPL	7				7
Derivatives held-for-hedging	32.1	HeAc	1			1	
Other derivatives	33.1	FVTPL	2				2
Investments	14	AFS	4		4	0	
Investments	14	HTM	4	4			
Cash and cash equivalents							
Short-term deposits	14	LaR	702	702			
LIABILITIES							
Non-current liabilities							
Interest-bearing liabilities							
Unsubordinated debentures not in a hedge relationship	18	OFL	2.363	2.363			
Leasing and similar obligations	18	OFL	3	3			
Other derivatives	33.1	FVTPL	20				20
Non interest-bearing liabilities							
Other non-current payables	20	OFL	178	178			
Current liabilities							
Interest-bearing liabilities, current portion							
Unsubordinated debentures not in a hedge relationship	17	OFL	151	151			
Leasing and similar obligations	18	OFL	2	2			
Other derivatives	32.1	FVTPL	9				9
Trade payables		OFL	1.357	1.357			
Other current payables							
Other derivatives	33.1	FVTPL	5				5
V.A.T. and other amounts payable	21	N/A	318	318			

(1) The categories according to IAS 39 are the following :

AFS: Available-for-sale financial assets

HTM: Financial assets held-to-maturity

LaR: Loans and Receivables financial assets

FVTPL: Financial assets/liabilities at fair value through profit and loss

OFL: Other financial liabilities

Hedge activity

HeAc: Hedge accounting

Note 33.5 Fair value of financial assets and liabilities

Financial instruments measured at fair value are disclosed in the table below according to the valuation technique used. The hierarchy between the techniques reflects the significance of the inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly;
- Level 3: valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data.

The Group holds financial instruments classified in Level 1 or 2 only.
The valuation techniques for fair value measuring the Level 2 financial instruments are:

- Other derivatives in Level 2
  Other derivatives include mainly the interest rate swaps (IRS) and interest rate and currency swaps (IRCS) the Group entered into to reduce the interest rate and currency fluctuations on some of its long-term debentures. The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.
- Unsubordinated debentures
  The unsubordinated debentures are recognized at amortized cost. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2015 for similar debentures with the same remaining maturities.

As of 31 December 2015				Fair values measurement at end of the reporting period using :		
(EUR million)	Note	Category according to IAS 39 (1)	Balance at 31 December 2015	Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Other non-current assets						
Other derivatives	33.1	FVTPL	6		6	
Current assets						
Investments	14	AFS	4	4		
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	33.1	OFL	1.753		1.838	
Other derivatives	33.1	FVTPL	4		4	
Non interest-bearing liabilities						
Current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	33.1	OFL	671		700	

(1) The categories according to IAS 39 are the following :
AFS: Available-for-sale financial assets
FVTPL: Financial assets/liabilities at fair value through profit and loss

As of 31 December 2014 (EUR million)	Note	Category according to IAS 39 (1)	Balance at 31 December 2014	Fair values measurement at end of the reporting period using :		
				Level 1	Level 2	Level 3
ASSETS						
Non-current assets						
Other non-current assets						
Other derivatives	33.1	FVTPL	29		29	
Current assets						
Interest-bearing liabilities						
Derivatives held for trading	33.1	FVTPL	7		7	
Non interest-bearing liabilities						
Derivatives held-for-hedging	33.1	HeAc	1	1		
Other derivatives	33.1	FVTPL	2	2		
Investments	14	AFS	4	4		
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	33.1	OFL	2.363		2.594	
Other derivatives	33.1	FVTPL	20		20	
Non interest-bearing liabilities						
Current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures except for their "non-closely related" embedded derivatives	33.1	OFL	151		158	
Other derivatives	33.1	FVTPL	9		9	
Non interest-bearing liabilities						
Other derivatives	33.1	FVTPL	5	5		

(1) The categories according to IAS 39 are the following :

AFS: Available-for-sale financial assets

FVTPL: Financial assets/liabilities at fair value through profit and loss

Note 34. Related party disclosures

Note 34.1. Consolidated companies

Subsidiaries, joint-ventures and associates are listed in note 6.
Commercial terms and market prices apply for the supply of goods and services between Group companies.

The transactions between Proximus SA and its subsidiaries, being related parties, are eliminated for the preparation of the consolidated financial statements. The transactions between Proximus SA and its subsidiaries are as follows:

Proximus SA transactions with its subsidiairies	Year ended 31 December	
(EUR million)	2014	2015
Revenues	121	134
Costs of materials and services related to revenue	-116	-135
Net finance costs	-289	-261
Dividends received	45	719

Outstanding balances of Proximus SA with subsidiaries	As of 31 December	
(EUR million)	2014	2015
Trade receivables	89	40
Trade payables	-66	-52
Interest bearing receivables/liabilities	-10,085	-9,939
Other receivables and liabilities	11	-4

Note 34.2. Relationship with shareholders and other State-controlled enterprises.

The Belgian State is the majority shareholder of the Group, with a stake of 53.51%. The Group holds treasury shares for 4.74%. The remaining 41.75% are traded on the First Market of Euronext Brussels.

Relationship with the Belgian State

The Group supplies telecommunication services to the Belgian State and State-related entities. State related enterprises are those that are either State-controlled or State-jointly-controlled or State-influenced. All such transactions are made within normal customer/supplier relationships on terms and conditions that are not more favorable than those available to other customers and suppliers. The services provided to State-related enterprises do not represent a significant component of the Group's net revenue, meaning less than 5%.

Note 34.3. Relationship with key management personnel

The remuneration of the Board of Directors was decided by the General Shareholders' Meeting of 2004.

The principles of this remuneration did not change in 2015: it foresees an annual fixed compensation of EUR 50,000 for the Chairman of the Board of Directors and of EUR 25,000 for the other members of the Board of Directors, with the exception of the CEO. All members of the Board of Directors, with the exception of the CEO, have the right to an attendance fee of EUR 5,000 per attended meeting of the Board of Directors. This fee is doubled for the Chairman. Attendance fees of EUR 2,500 are foreseen for each member of an

advisory committee of the Board of Directors, with the exception of the CEO. For the Chairman of the respective advisory committee, these attendance fees are doubled.

The members also receive EUR 2,000 per year for communication costs. For the Chairman of the Board of Directors, the communication costs are also doubled.

The Chairman of the Board of Directors is also Chairman of the Joint Committee, of the Audit Committee and of the Pension Fund. Mrs Martine Durez (until 19 March 2015), Mrs Catherine Vandenborre (as of 21 May 2015), Mr Theo Dilissen (until 17 September 2015) and Mrs Sandrine Dufour (as of 10 December 2015) are members of the Board of the Pension Fund. They do not receive any fees for these board mandates.
For the execution of their Board mandates, the Directors do not receive performance-based remuneration such as bonuses or long-term incentive programs, nor do they receive benefits linked to pension plans.

The total remuneration for the Directors amounted to EUR 1,010,575 € for 2015 and to EUR 975,250 for 2014. The directors have not received any loan or advance from the Group.

The number of meetings of the Board of Directors and advising committees are detailed as follows:

	2014	2015
Board of Directors	8	8
Audit and Compliance Committee	6	6
Nomination and Remuneration Committee	7	5
Strategic and Business Development Committee	3	2

In its meeting of 24 February 2011, the Board adopted a “related party transactions policy” which governs all transactions or other contractual relationships between the company and its Board members. Proximus has contractual relationships and is also a vendor for telephony, internet and/or ICT services for many of the companies in which Board members have an executive or non-executive mandate. These relationships are at arm’s length of nature, and are typically not addressed at the level of the Board of Directors. Proximus is also a Partner of Guberna, the Belgian Institute for Directors (affiliated with Mrs Lutgart Van den Berghe who is Executive Director of Guberna), for which it has paid a fee of € 30,250 in 2015.

For the year ended 31 December 2015, a total amount of EUR 9,036,436 (social security costs of EUR 1,966,440 included, as well as long term share-based payments and termination benefits) was paid or granted in aggregate to the members of the Executive Committee Chief Executive Officer included. In 2015, the members of the Executive Committee were Dominique Leroy, Sandrine Dufour, Michel Georgis, Dirk Lybaert, Geert Standaert, Ray Stewart (4 months), Renaud Tilmans, Bart Van Den Meersche and Phillip Vandervoort.

For the year ended 31 December 2014, a total amount of EUR 9,657,442 (social security costs of EUR 2,013,204 and share-based payments included, as well as long term share-based payments and termination benefits) was paid or granted in aggregate to the members of the Executive Committee Chief Executive Officer included. In 2014, the members of the Executive Committee were Dominique Leroy, Bruno Chauvat (24 days), Michel Georgis, Dirk Lybaert (11.5 months), Geert Standaert, Ray Stewart, Renaud Tilmans (7.5 months), Bart Van Den Meersche and Phillip Vandervoort (9 months).

These total amounts of key management compensation include the following components:

- Short-term employee benefits: annual salary (base and short-term variable) as well as other short-term employee benefits such as medical insurance, private use of management cars, meal vouchers, and including employer social security contributions paid on these benefits;
- Post-employment benefits: insurance premiums paid by the Group in the name of members of the

Executive Committee. The premiums cover mainly a post-retirement complementary pension plan;

- Share-based payments:
  - Cost of the discount of 16.66% compared to the market price in Discounted Share Purchase Plan;
  - Performance Value based payments (long term): gross amounts, granted under Performance Value, which create possible exercising rights as from May 2017 (granted in 2014) or May 2018 (granted in 2015), depending on the achievement of market conditions based on the company's Total Shareholder Return compared to a predefined group of other European telecom operators. Possible exercising will happen in cash, which implies that employer social contributions have been taken into account;
- Termination benefits: paid or accrued

	Year ended 31 December	
EUR	2014	2015
Short-term employee benefits	6,072,579	6,424,847
Post-employment benefits	874,627	960,565
Termination benefits	1,294,648	0
Share-based payments	1,415,588	1,651,024
Total	**9,657,442**	**9,036,436**

Note 34.4. Regulations

The telecommunications sector is regulated by European legislation, Belgian federal and regional legislation and by decisions of sectors specific regulators (the Belgian Institute for Postal services and Telecommunications, commonly referred to as the "BIPT/IBPT" and the regional regulators competent for media) or administrative bodies such as the Competition authorities.

Note 35. Rights, commitments and contingent liabilities

Operating lease commitments

The Group rents sites for its telecom infrastructure and leases buildings, technical and network equipment, as well as furniture and vehicles under operating leases with terms of one year or more. Rental expenses in respect of these operating leases amounted EUR 129 million in 2015 and EUR 129 million in 2014.

Future minimum rentals payable under the non-cancellable operating leases are as follows at 31 December 2015:

(EUR million)	Within one year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Buildings	28	40	17	4	89
Sites	13	1	1	0	16
Technical and network equipment	11	3	2	0	16
Vehicles	24	9	24	0	57
Total	**77**	**53**	**43**	**4**	**177**

Future minimum rentals payable under the non-cancellable operating leases are as follows at 31 December 2014:

(EUR million)	Within one year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Buildings	23	34	17	3	77
Sites (1)	13	1	1	0	15
Technical and network equipment	10	1	0	0	11
Vehicles	26	35	6	0	66
Total	**71**	**70**	**25**	**3**	**170**

(1) restated figures compared to 2014 Financial Statements

In the scope of its normal activities, the Group rents the equipment for its own use and needs. The Group is therefore not involved in significant sublease contracts with customers. The rent contracts do not include contingent rent payable or other special features or restrictions.

Claims and legal proceedings

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by foreign countries, the EU, as well as applicable labor laws.

The complexity of the legal and regulatory environment in which we operate and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to our reputation, liability, fines and penalties, increased tax burden or cost of regulatory compliance and impacts of our financial statements.

Proximus is currently involved in various judicial and regulatory proceedings, including those for which a provision has been made and those described below for which no or limited provisions have been accrued, in the jurisdictions in which it operates concerning matters arising in connection with the conduct of its business. These include also proceedings before the Belgian Institute for Postal services and Telecommunications ("BIPT"), appeals against decisions taken by the BIPT, and proceedings with the tax administrations with respect to real estate withholding taxes and corporate income taxes.

1. Between 12 and 14 October 2010, the Belgian Directorate General of Competition started a dawn raid in Proximus's offices in Brussels. This investigation concerns allegations by Mobistar and KPN regarding the wholesale DSL services of which Proximus would have engaged in obstruction practices. This measure is without prejudice to the final outcome of the full investigation. Following the inspection, the Directorate General of Competition is to examine all the relevant elements of the case. Eventually the College of Competition Prosecutors may propose a decision to be adopted by the Competition Council. During this procedure, Proximus will be in a position to make its views heard. (This procedure may last several years.)

   During the investigation of October 2010, a large numbers of documents were seized (electronic data such as a full copy of mail boxes and archives and other files). Proximus and the prosecutor of the Competition authority exchanged extensive views on the way to handle the seized data. Proximus wanted to be sure that the lawyers "legal privilege" (LPP) and the confidentiality of in house counsel advices are guaranteed. Moreover, Proximus sought to prevent the Competition authority from having access to (sensitive) data that were out of scope. Not being able to convince the prosecutor of its position, Proximus started two proceedings, one before the Brussels Court of Appeal and one before the President of the Competition Council, in order to have the communication

to the investigation teams of LPP data and data out of scope suspended. On 5 March 2013, the Court of Appeal issued a positive judgment in this appeal procedure by which it ruled that investigators had no authority to seize documents containing advices of company lawyers and documents that are out of scope and that these documents should be removed/destroyed. To be noted that this is a decision on the procedure in itself and not on the merit of the case. On 14 October 2013, the Competition authority launched a request for cassation against this decision. Proximus has joined this cassation procedure. Eventually, on 22 January 2015, the Supreme Court decided to confirm the Judgment of 5 March 2013, except for a restriction with regard to older documents, which was annulled. It is up to the Court of Appeal now to take a new decision on this restriction.

In March 2014, KPN has withdrawn its complaint; Mobistar remaining the sole complainant.

Mobistar launched on 3 May 2013 a claim for damages against Proximus before the commercial court of Brussels for allegedly wrongful and/or abusive termination by Proximus of negotiations with Mobistar on the conclusion of a commercial agreement on DSL-based services. Proximus contests Mobistar's claims entirely, particularly as Mobistar has publicly expressed at several occasions its interest for and its intention to obtain wholesale access from the cable operators. Initially the claims were scheduled to be heard by the commercial court in June 2015. However, following recent market evolutions (notably BASE's decision to stop SNOW), the court accepted on 28 May 2015 that additional briefs be exchanged, which is currently being done. Hearings are scheduled on 12 and 19 May 2016.

2. In June 2003, KPN Group Belgium (operating under the brand name BASE) filed an action for damages against Proximus (former Belgacom mobile – operating under the brand name Proximus) before the Commercial Court of Brussels, with Mobistar joining this action with an own claim in March 2004. KPN and Mobistar claimed that Proximus had abused its dominant position by applying inappropriately low prices for on-net calls (calls from Proximus to Proximus) with KPN also claiming that Proximus had applied mobile termination rates (MTR) that were too high. Both operators claimed for compensation.

   Eventually, on 21 October 2015, KPN, BASE Company, Mobistar and Proximus have agreed to settle this case and all other outstanding litigation between BASE Company, Mobistar and Proximus related to the practice of applying tariffs from the past for mobile telecommunication services that are differentiated between on-net and off-net voice communications (see also below).

   This settlement agreement is without any harmful recognition and translates the willingness of the parties to put an end to litigation proceedings initiated more than 10 years ago.

   The settlement agreement involved the payment of an amount of EUR 120 million of which EUR 66 million is paid to BASE Company and EUR 54 million to Mobistar.

   On 8 January 2016, both the Brussels Court of Appeal and the Supreme Court put a formal end to the case.

   In October 2009, seven parties (Telenet, KPN Group Belgium (former Base), KPN Belgium Business (Tele 2 Belgium), KPN BV (Sympac), BT, Verizon, Colt Telecom) filed an action against Belgacom mobile (currently Proximus and hereinafter indicated as Proximus) before the Commercial Court of Brussels formulating allegations that are similar to those in the case mentioned above (including Proximus-to-Proximus tariffs constitute an abuse of Proximus's alleged dominant position in the Belgian market), but for different periods depending on the claimant, in particular, in the 1999 up to now timeframe (claim for EUR 1 provisional and request for appointment of an expert to compute the precise damage). In November 2009 Mobistar filed another similar claim for the period 2004 and beyond. These cases have been postponed for an undefined period.

Following a settlement with Telenet and following aforementioned settlement, the only remaining claimants are BT, Verizon and Colt Telecom.

3. In the proceedings following a complaint by KPN Group Belgium in 2005 with the Belgian Competition Authority the latter confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in 2004-2005 in a "price-squeeze" on the professional market. The Belgian Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (=termination rates), increased with a number of other costs deemed relevant. All other charges of the Prosecutor were rejected. The Competition Authority also imposed a fine of EUR 66.3 million on Proximus (former Belgacom Mobile) for abuse of a dominant position during the years 2004 and 2005. Proximus was obliged to pay the fine prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009. Proximus filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling: amongst other the fact that the market impact was not examined. Also KPN Group Belgium and Mobistar filed an appeal against said ruling. The parties are exchanging briefs to organize the access to the file. Following the settlement agreement dated 21 October 2015, the appeals of Base and Mobistar against the decision of the Belgian Competition Authority are withdrawn. Proximus will continue its appeal procedure against this decision.

4. The Belgian tax authorities notified a foreign subsidiary of the Group in 2007 to be considered as a tax resident of Belgium rather than of Luxembourg and therefore to be subject to Belgian corporate income tax for the year 2004. In 2008, the Belgian tax authorities maintained their 2004 assessment and assessed the Belgian corporate income tax for the subsequent years 2005 and 2006 for a total amount of EUR 69 million excluding interest. The Court of Brussels decided in June 2014 in favor of Proximus. The tax authorities filed an appeal against this decision.

Capital expenditure commitments

At 31 December 2015, the Group has contracted commitments of EUR 128 million, mainly for the acquisition of intangible assets and technical and network equipment.

Other rights and commitments

At 31 December 2015, the Group has the following other rights and commitments:

- The Group received guarantees for EUR 10 million from its customers to guarantee the payment of its trade receivables and guarantees for EUR 8 million from its suppliers to ensure the completion of contracts or works ordered by the Group;
- The Group granted guarantees for an amount of EUR 73 million (including the bank guarantees mentioned in note 33.2) to its customers and other third parties to guarantee, among others, the completion of contracts and works ordered by its clients and the payment of rental expenses related to buildings and sites for antenna installations;
- Proximus has, in accordance with the law of 13 June 2005 regarding the electronic communication a right to claim compensation for the social tariffs that it offered since 1 July 2005, as an element of the universal service provision. The BIPT is to assess for every operator offering social tariffs the existence of a net-cost, and in forthcoming case the existence of an unreasonable burden. In May 2014, the BIPT, together with an external advisor, started the analysis of Proximus' net-costs for the offer of the social discounts, which were offered over the period 2005-2012, in view of the assessment of the possibility of an unreasonable burden, and hence of a compensation by the contributable operators. On 1 April 2015, Proximus however withdrew its request for compensation, referring to the legal opinion of 29 January 2015 of the Advocate General of the European Court of Justice, following the prejudicial question that the Belgian Constitutional Court submitted regarding the law of 10 June 2012 (case C-1/14), more precisely regarding the possibility of a qualification of mobile social tariffs as an element of universal

service. Proximus reserved its right to introduce a new request for compensation once the implications of the Court's decision will be clear. By decision of 11 July 2015, the European Court of Justice stated that mobile social tariffs cannot be financed by means of compensation mechanism to which specific undertakings have to contribute. The Belgian Constitutional Court is expected to pronounce itself on the consequences of the court decision for the provisions regarding mobile social tariffs.

Note 36. Share-based Payment

Discounted Share Purchase Plans

In 2014 and 2015, the Group launched Discounted Share Purchase Plans.

Under the 2014 and 2015 plans, Proximus sold respectively 1,321 and 1,047 shares to the senior management of the Group at a discount of 16.66% compared to the market price (discounted price of respectively EUR 19.91 per share and EUR 26.72). The cost of the discount amounted to EUR 0 million in 2014 and EUR 0 million in 2015 and was recorded in the income statement as personnel expenses (see note 26).

Performance Value Plan

In 2013, 2014 and 2015, Proximus launched different tranches of the "Performance Value Plan" for its senior management. Under this Long-Term Performance Value Plan, the granted awards are conditional upon a blocked period of 3 years after which the Performance Values vest. The possible exercising rights are dependent on the achievement of market conditions based on Proximus' Total Shareholder Return compared to a group of peer companies.

After the vesting period rights can be exercised during four years. In case of voluntary leave during the vesting period, all the non-vested rights and the vested rights not exercised yet are forfeited. In case of involuntary leave (except for serious cause) or retirement the rights remain and continue to vest during the normal 3 year vesting period.

The Group determines the fair value of the arrangement at inception date and the cost is linearly spread over the vesting period with corresponding increase in equity for equity settled and liability for cash settled shared based payments.

For cash settled share-based payment the liability is periodically re-measured.

The fair value of the tranches 2013, 2014 and 2015 amounted as per 31 December 2015 respectively to EUR 8.3, 6.8 and 4.8 million. The annual charge for the tranches amounted respectively to EUR 1.4, 2.0 and 1.4 million. The calculation of simulated total shareholder return under the Monte Carlo model for the remaining time in the performance period for awards with market conditions included the following assumptions as of 31 December 2015:

	As of	
	31 December 2014	31 December 2015
Weighted average risk free of return	0.230%	-0.060%
Expected volatility - company	19.99%	24.23%
Expected volatility - peer companies	17% - 69%	17% - 62%
Weighted average remaining measurement period	2.50	1.38

Employee Stock Option Plans

In 2012, Proximus launched a last yearly tranche of the Employee Stock Option Plan to the key management and senior management of the Group. The Plan rules were adapted early 2011 according to the Belgian legislation. Therefore as from 2011, the Group launched two different series: one for the Executive Committee, Chief Executive Officer included and one for the other key management and senior management.

As prescribed by IFRS 2 ("Share-based Payments"), the Group recognizes the fair value of the equity portion of the share options at inception date over their vesting period in accordance with the graded vesting method and periodic re-measurement of the liability component. Black&Scholes is used as option pricing model. The annual charge of the graded vesting including the liability component re-measurement is recognized as personnel expenses and amounts to EUR 17.5 million in 2014 and EUR 2.5 million in 2015.

The tranches granted from 2004 to 2012 are still open and have all vested by now. All the tranches except the 2004 tranche provide the beneficiaries with a right to the dividends declared after granting the options. The dividend liability amounted to EUR 10.9 million on 31 December 2014 and EUR 6.8 million on 31 December 2015 and is included under the caption "Other current payables'. The right to dividends granted to the beneficiaries of the tranches 2005-2012 is not limited in time and corresponds to the contractual life of the tranches.

In 2009, the Group gave the opportunity to its option holders to voluntary extend the exercise period of all the former tranches (except the 2009 tranche) with 5 years, within the guidelines as established by the law.

For all the tranches except the 2004 tranche and the Executive Committee series of 2011 and 2012 tranches (as described below),

- in case of voluntary leave of the employee, all unvested options forfeit except during the first year, for which the first third of the options vests immediately and must be exercised prior to the second anniversary following the termination date of the contract, as for all vested options;
- in case of involuntary leave of the employee, except for serious cause, all unvested options vest immediately and must be exercised prior to the second anniversary following the termination date of the contract or prior to the expiration date of the options whichever comes first , as for all vested options;
- in case of involuntary leave of the employee for serious cause, all options forfeit immediately.

For the Executive Committee serie of the 2011 and 2012 tranches:

- in case of voluntary leave of the Executive Committee member during a period of three year following the grant 50% of the options immediately forfeit. If the voluntary leave takes place after that date, the options continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or prior to the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- in case of involuntary leave of the Executive Committee member, except for serous cause, the options will continue to vest according to the plan rules and regular vesting calendar. The exercise may only take place at the earliest on the first business day following the 3rd anniversary of the offer date. The exercise should take place prior to the 5th anniversary following the termination of the contract or the expiration date of the options, whichever comes first, otherwise the options become forfeited;
- In case of involuntary leave of the Executive Committee member for serious cause, all options forfeit immediately.

Number of stock options

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Outstanding at 31 December 2014	**8,699**	**10,372**	**25,490**	**65,987**	**114,608**	**36,003**	**178,311**	**521,811**	**541,824**
Exercisable at 31 December 2014	**8,699**	**10,372**	**25,490**	**65,987**	**114,608**	**36,003**	**178,311**	**521,811**	**296,468**
Movements during the year 2015									
Forfeited	0	0	0	-2,250	-8,322	0	-3,366	-8,063	-2,633
Exercised	-7,459	-3,874	-3,405	-30,692	-45,831	-13,745	-123,275	-397,516	-146,310
Total	-7,459	-3,874	-3,405	-32,942	-54,153	-13,745	-126,641	-405,579	-148,943
Outstanding at 31 December 2015	**1,240**	**6,498**	**22,085**	**33,045**	**60,455**	**22,258**	**51,670**	**116,232**	**392,881**
Exercisable at 31 December 2015	**1,240**	**6,498**	**22,085**	**33,045**	**60,455**	**22,258**	**51,670**	**116,232**	**392,881**
Exercise price	**25**	**30**	**26**	**33**	**29**	**23**	**26**	**25**	**22**

The volatility used for the remeasurement of the liability component has been estimated to 25%.

Note 37. Relationship with the auditors

The Group expensed for the Group's auditors during the year 2015 for an amount of EUR 1,141,249 for the annual audit mandate fees and EUR 268,898 for non-mandate fees.

This last amount is detailed as follows:

EUR	Auditor	Network of auditor
Other mandatory audit missions	41,676	12,000
Other missions	91,427	123,795
Total	**133,103**	**135,795**

Note 38. Segment reporting

The Board of Directors, the Chief Executive Officer and the Executive Committee assesses the performance and allocates resources of Proximus Group based on the client-oriented organization structured around the five following reportable operating segments:

- The Consumer Business Unit (CBU) sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers, to self-employed persons and small companies, as well as ICT-services mainly on the Belgian market;
- The Enterprise Business Unit (EBU) sells ICT services and products to medium enterprises and major companies. These ICT solutions, including telephone services, are marketed mainly under the Proximus and Telindus brands, on both the Belgian and international markets;
- The Technology & Wholesale (TEC&W) (centralizes all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions), provides services to CBU and EBU and sells these services to other telecom and cable operators;
- International Carrier Services (ICS) is responsible for international carrier activities;
- Staff and Support (S&S) brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate supporting the Group's activities.

No operating segments have been aggregated to form the above reportable operating segments.

From 2015, Small Enterprise customers are reported within the Customer Business Unit and no longer as part of Enterprise Business Unit. The 2014 Financial Statements have been restated to reflect this accountability transfer.

The Group monitored the operating results of its reportable operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance was evaluated on the following basis:

- The operating income before depreciation and amortization net of incidentals. The segment reporting below provides a reconciliation between underlying figures and those reported in the financial statements, the 2014 and 2015 segment reporting is presented accordingly; and
- The capital expenditures.

Group financing (including finance expenses and finance income) and income taxes were managed on a group basis and are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements, but are disclosed excluding "incidentals". The Group defines "incidentals" as material items that are out of usual business operations.

Intercompany transactions between legal entities of the Group are invoiced on an arm's length basis.

Year ended 31 December 2015

	Reported		Underlying adjusted for incidentals						
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	5,863	0	5,863	2,858	1,327	181	6	1,572	-81
Other operating income	56	-17	39	26	6	6	9	4	-12
Intersegment income	93	0	93	5	5	33	10	40	0
Total income	**6,012**	**-17**	**5,994**	**2,889**	**1,338**	**220**	**25**	**1,616**	**-93**
Costs of materials and services related to revenue	-2,377	0	-2,377	-692	-388	-34	0	-1,338	75
Personnel expenses and pensions	-1,011	0	-1,011	-391	-272	-167	-129	-53	0
Other operating expenses	-980	108	-873	-365	-83	-203	-175	-64	18
Non-recurring expenses	2	-2	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-4,366**	**105**	**-4,261**	**-1,449**	**-742**	**-404**	**-304**	**-1,455**	**93**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,646**	**87**	**1,733**	**1,440**	**596**	**-183**	**-279**	**161**	**0**
Depreciation and amortization	-869	0	-869	-180	-23	-530	-58	-78	0
OPERATING INCOME / (LOSS)	**777**	**87**	**864**	**1,260**	**572**	**-714**	**-337**	**82**	**0**
Finance expense (net)	-120								
Share of gain/(loss) on associates	-2								
INCOME BEFORE TAXES	655								
Tax expense	-156								
NET INCOME	499								
Non-controlling interests	17								
Net income (Group share)	482								

Year ended 31 December 2015

(EUR million)	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Capital expenditure	1,002	178	28	729	32	37	-2

Year ended 31 December 2014 restated

	Reported		Underlying adjusted for incidentals						
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	5,738	0	5,738	2,778	1,299	201	7	1,535	-82
Other operating income	203	-187	16	21	7	4	0	2	-16
Intersegment income	109	0	109	4	5	37	23	40	0
Non-recurring income	62	-62	0	0	0	0	0	0	0
Total income	**6,112**	**-248**	**5,864**	**2,803**	**1,311**	**242**	**29**	**1,577**	**-98**
Costs of materials and services related to revenue	-2,420	90	-2,330	-672	-368	-36	0	-1,330	75
Personnel expenses and pensions	-1,041	28	-1,014	-400	-268	-168	-132	-47	0
Other operating expenses	-869	2	-867	-339	-92	-204	-187	-66	22
Non-recurring expenses	-27	27	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-4,358**	**147**	**-4,211**	**-1,411**	**-728**	**-407**	**-319**	**-1,442**	**98**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,755**	**-102**	**1,653**	**1,392**	**583**	**-165**	**-290**	**135**	**-1**
Depreciation and amortization	-821	0	-821	-149	-26	-497	-70	-80	1
OPERATING INCOME / (LOSS)	**933**	**-102**	**832**	**1,242**	**557**	**-662**	**-359**	**55**	**0**
Finance expense (net)	-96								
Share of gain/(loss) on associates	-2								
INCOME BEFORE TAXES	835								
Tax expense	-154								
NET INCOME	682								
Non-controlling interests	27								
Net income (Group share)	654								

Year ended 31 December 2014							
(EUR million)	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Capital expenditure	994	207	22	698	33	33	0

In respect of geographical areas, the Group realized EUR 3,963 million net revenue in Belgium in 2014 and EUR 4,020 million in 2015 based on the country of the customer. The net revenue realized in other countries amounted to EUR 1,998 million in 2014 and EUR 1,924 million in 2015. More than 90% of the segment assets are located in Belgium.

Note 39. Recent IFRS pronouncements

The Group does not early adopt the standards or interpretations that are not yet effective at 31 December 2015.

This means that the Group did not apply the following standards or interpretations that are applicable for the Group as from 1 January 2016 or later:

- Annual Improvements to IFRS's (2012-2014 cycle);
- Annual Improvements to IFRS's (2010-2012 cycle);

- Amendments to standards:
  - Amendment to IAS 1 ("Disclosure Initiative");
  - Amendments to IAS 27 ("Equity Method in Separate Financial Statements");
  - Amendment to IAS 16 / 38 (Clarification of acceptable methods of amortization and depreciation);
  - Amendment to IAS 16 /41 (Agriculture: bearer plant);
  - Amendment to IFRS 11 ("Accounting for Acquisitions of Interests in Joint Operations");
  - Amendment to IAS 19 ("Employee Benefits – Employee Contributions");
  - Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment Entities: Applying the Consolidation Exception);
  - Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) (deferred indefinitely).

- Newly issued standards:
  - IFRS 9 ("Financial Instruments");
  - IFRS 15 (Revenue from contracts with customers);
  - IFRS 14 (Regulatory deferral accounts).

The Group will investigate the possible impacts of the application of these new standards and interpretations on the Group's financial statements in the course of 2016.

The Group does not anticipate material impacts from the initial application of those IFRS except potentially the initial application of IFRS 15. The IFRS 15 will influence mainly the allocation, the timing for the revenue recognition and the timing for the recognition of contract's related costs.

Note 40. Post balance sheet events

On 11 January 2016, the European Commission announced its decision that Belgian tax rulings granted to multinationals with regard to "Excess Profit" shall be considered as illegal state aid and that unpaid taxes should be recovered by the Belgian state. BICS has applied such tax ruling for the period 2010-2014.

BICS has not yet received a specific claim, nor information from the European Commission or the Belgian government as to the amount to be paid. Furthermore, BICS is considering appealing the decision of the European Commission before the European Court. BICS expects that information about the amount to be paid will become available in a near future. Payment of the claimed amount will likely take place in 2016 irrespective of whether or not appeals are made against the decision.

A tax liability has been accrued for the estimated net cash outflow.

Deloitte.

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Proximus NV van publiek recht / SA de droit public

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

The original text of this report is in Dutch/French

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
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Deloitte.

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Proximus NV van publiek recht / SA de droit public

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's 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 2015, the consolidated income statement, the consolidated statement of other 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 consolidated financial statements of Proximus NV van publiek recht / SA de droit public ("the company") 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 consolidated balance sheet shows total assets of 8.283 million EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 482 million EUR.

Board of directors' responsibility 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 (IFRS) 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 to enable 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 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 statutory auditor considers internal control relevant to the group's preparation and fair presentation of 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 group'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.

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of Proximus NV van publiek recht / SA de droit public give a true and fair view of the group's net equity and financial position as of 31 December 2015, 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.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 26 February 2016

The statutory auditor

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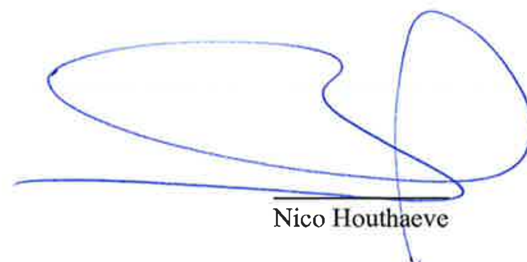
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by

Geert Verstraeten



Nico Houthaeve