FLUXYS

ANNUAL FINANCIAL REPORT 2014

FLUXYS BELGIUM

Regulated information – 10 April 2015

86th financial year
Reports to the Annual General Meeting of 12 May 2015

** These chapters form the annual report referred to in articles 96 and 119 of the Company Code.*

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In accordance with the Belgian Company Code, the Board of Directors is pleased to be able to present the annual report for the financial year 2014 for your company and those companies included in its consolidation scope, and to submit for your approval the annual accounts for the period ending 31 December 2014.

Significant event after the balance sheet date:

- Long-term contracts for LNG transshipment services in Zeebrugge, p. 32

Declaration regarding the financial year closed on 31 December 2014

We hereby attest that to our knowledge:

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

Brussels, 25 March 2015

Paul Tummers	Pascal De Buck
Member of the Executive Board	Chairman of the Executive Board
Chief Financial Officer	Chief Executive Officer

Foreword

Against the backdrop of difficult market conditions, Fluxys Belgium posted a strong year in 2014 in both commercial and operational terms. The company also continued to consistently drive forward its efficiency measures while channelling investment into further developing the Belgian grid as a crossroads for gas flows in Europe and unlocking the potential of natural gas as a fuel for transport. 2014 also saw a framework drawn up for integrating the Belgian and Luxembourg gas markets in 2015, a move which will be the first of its kind in Europe.

This positive development has been made possible thanks to the commitment, professionalism, creativity and initiative of our staff and we know we can continue to rely on them this year to meet head-on the challenges facing us. However, this high level of performance in the field is not reflected in the company's financial results: interest rates on linear bonds, which are a determining factor in the company's level of profit from regulated activities, have been historically low, although efficiency drives have partially offset the effects of these low rates.

Focus squarely on our competitiveness

In recent years, international transit of natural gas – which accounts for approximately 60% of Fluxys Belgium's turnover – and storage have become intensely competitive businesses. Where transit is concerned, customers compare routes and prices before deciding which operators to work with. Meanwhile, storage in Belgium is faced with competition on two fronts: from other storage sites, which are generally unregulated, and from gas-trading platforms on which, during periods of relative oversupply of gas, differences between summer and winter prices are lower than the cost of physically storing gas. As it goes, this competitive environment will further intensify as the capacity market continues to evolve into a short-term business.

Despite this difficult market situation, in 2014 Fluxys Belgium pressed ahead with its service-oriented customer approach and made special efforts to tailor its services as closely as possible to customers' requirements. This hard work paid off, with the company selling slightly greater volumes of transmission capacity as well as all of its storage capacity. Furthermore, in comparison to other terminals in northwest Europe, Fluxys Belgium's LNG terminal enjoyed favourable utilisation rates. We also managed to work with Belgian federal energy regulator CREG to put together a competitive tariff proposal for LNG transshipment services and in March 2015 this resulted in a new long-term contract with Yamal LNG.

At the same time, the company-wide programme to devise more efficient ways of providing high-quality services, building secure facilities and operating those facilities safely has continued. Work organisation and processes have been analysed but so, too, have more efficient ways of investing and borrowing, with Fluxys Belgium issuing a new bond on particularly robust terms.

Thanks to our commercial efforts, efficient cost management and keeping capital costs down in recent years, in 2014 Fluxys Belgium was able to cut its transmission tariffs by 7% from early 2015 onwards. These competitive tariffs enable the Group to keep strong against competitors and be recognised as the only operator in northwest Europe to have reduced transmission tariffs. In 2014, Fluxys Belgium also worked closely with CREG to put together a tariff methodology which will ensure that the current stability within the regulatory framework continues during the period 2016-2019.

Continuing to develop the gas market

In Belgium, the challenges facing the company in terms of domestic transmission are different from those in the context of transit. Whilst there are no competing routes run by other operators, as in the majority of other countries in Europe demand for natural gas in Belgium is in decline, having dropped by 13% in 2014 compared with 2013. In the residential segment, the number of connections is continuing to rise but due to increasing energy-efficiency, actual consumption is not. In industry, consumption levels have yet to return to those seen prior to the financial and economic crisis. Where electricity generation is concerned, natural gas is gradually being squeezed out of the energy mix as a result of the combined effect of low coal prices, low prices for CO_2-emissions rights, and an electricity market model which is not geared towards incorporating renewable sources of generation.

In view of this decline in demand, in 2014 Fluxys Belgium took steps in a number of contexts to develop the potential of by natural gas as a fuel for transport. The company worked successfully with the sector to promote compressed natural gas (CNG) as a fuel for cars and vans: the campaign has resulted in a significant increase in the number of

CNG-powered vehicles, a trend which has given impetus to efforts to further expand the network of CNG refuelling stations. Together with our parent company Fluxys, we have also channelled investment into the logistics chain required in Belgium for LNG-powered ships and trucks to be able to refuel. The market appetite for investing in natural gas vehickles and CNG/LNG refuelling facilities has increased and this is a very positive sign for the future. In commercial terms, the market for small-scale LNG in 2014 proved very successful: more than double the number of LNG trucks came to the Zeebrugge terminal to load up and additional slots were booked for loading LNG ships to supply the Scandinavian market. 2014 also saw the first industrial company in Belgium to switch from fuel oil to LNG.

Keeping our attention focussed on Belgium’s position as a gas crossroads

Other key factors in terms of the market context include falling levels of gas production in Europe and the events in Ukraine. These two elements combined mean that in terms of the additional imports of gas which will be necessary going forward, Europe will need to ensure that it maintains as diverse a range of sources as possible, i.e. including LNG and pipe gas which can be supplied from southern Europe. By keeping our attention firmly focussed on the role of the Belgian grid as a crossroads for natural gas flows, we will keep ourselves in a strong position to be able to capitalise on the new capacity requirements accompanying these new import flows. Fluxys Belgium is also the pivotal link within the Fluxys group providing the Belgian grid with connections to neighbouring countries and opening up new sources for the European market.

Pioneering role in European market integration

The European Union’s vision for the gas market is one of an integrated structure within which gas can flow in all directions between the major gas trading places. With this blueprint in mind, in 2014 Fluxys Belgium worked with Luxembourg operator Creos and the energy regulators in both countries to draw up the framework for Europe’s first cross-border integrated market: from 1 October 2015, the Belgian and Luxembourg markets will be integrated into a single market which for end consumers will mean even more competition between suppliers. In this development, the Belgian gas trading place ZTP, which experienced substantial liquidity growth during 2014, will become the single gas trading place for the integrated market. The integration will not only be a first for Europe but will also enable us to build up valuable experience which will be crucial when looking at projects to develop further integration with other operators in neighbouring countries.

Careful transition to a new chairman of the Executive Board

2014 also saw the company make preparations for the appointment of a new chairman of the Executive Board. Many factors influenced the Board of Directors' decision to appoint Pascal De Buck as successor to Walter Peeraer: continuity of the company's strategy as regards customers and stakeholders, extensive experience in the field of gas and gas infrastructure, a proven track record and the skills and expertise to communicate the company's vision with passion.

Acceptable returns

Fluxys' progress during 2014 does not mean that 2015 and the years ahead will be an easy ride – quite the opposite, in fact. Firstly there is the challenge of the company's returns. In 2015, interest rates on linear bonds, which to a large extent determine our profit from regulated activities, are dropping further still; this means that returns on our transmission activities – Fluxys Belgium's core business in income terms – are especially low by comparison to other European countries. This trend is being offset to a degree by the fact that part of the company's efficiency measures can benefit shareholders and that the tariff methodology for LNG terminalling factors in the risks associated with this business more accurately.

Putting gas and gas infrastructure on the agenda

The Belgian energy minister has begun the process of mapping out a long-term vision for energy to serve as a basis for concluding an energy pact. For Fluxys Belgium, this is an opportunity to put gas and gas infrastructure on the agenda. We firmly believe that gas and gas infrastructure will continue to play a key role in the low-carbon economy of the future: its low emission levels in comparison to other fossil fuels mean that natural gas offers significant advantages in all the applications in which it is used. At a time when society is investing huge sums in new energy infrastructure, gas infrastructure continues to stand out as the leader due to its low cost per energy unit transmitted or stored.

Gas requires a higher profile at European level, too. The European Commission’s recent Energy Union Package is a creditable attempt to amalgamate the three pillars of EU climate and energy policy, and also clearly acknowledges the role of transmission system operators like Fluxys Belgium in the shift towards greater market integration. On the other hand, the Commission fails to recognise the long-term role of gas and gas infrastructure. For gas infrastructure companies this represents a huge paradox: while we are convinced that gas and gas infrastructure will continue to play a crucial role in the long term, the Commission fails to acknowledge this yet spurs on to large-scale investments which, by definition, are long-term in nature. Against the backdrop of this paradox between an uncertain future for natural gas and fresh investment, for gas infrastructure companies there is the risk of stranded infrastructure.

Commercial leeway

European Network Codes also pose a challenge. In October 2015, the Network Code on Capacity Allocation Mechanisms will enter into force and will prompt heightened competition on transit routes, more short-term bookings and thus greater volatility in terms of income. The CAM Code is the first in a series of such Codes due to come into force and which for gas infrastructure companies will ring in a period of adjustment while we get to grips with a new commercial landscape: on the one hand, the Network Codes will restrict us to a limited range of standard products thereby stifling commercial creativity, while on the other we will face stiff competition with other gas infrastructure companies, which is set to become fiercer still and in the context of which freedom of movement from a commercial standpoint will be the key to success.

Pascal De Buck
CEO and Chairman of the Executive Board

Daniël Termont
Chairman of the Board of Directors

Fluxys Belgium in a nutshell

3 services

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

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

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

Crossroads for international gas flows

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

Extensive trading opportunities

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

Competitive prices

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

Fluxys Belgium: part of the Fluxys group

Our vision

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

Our mission

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

Our values

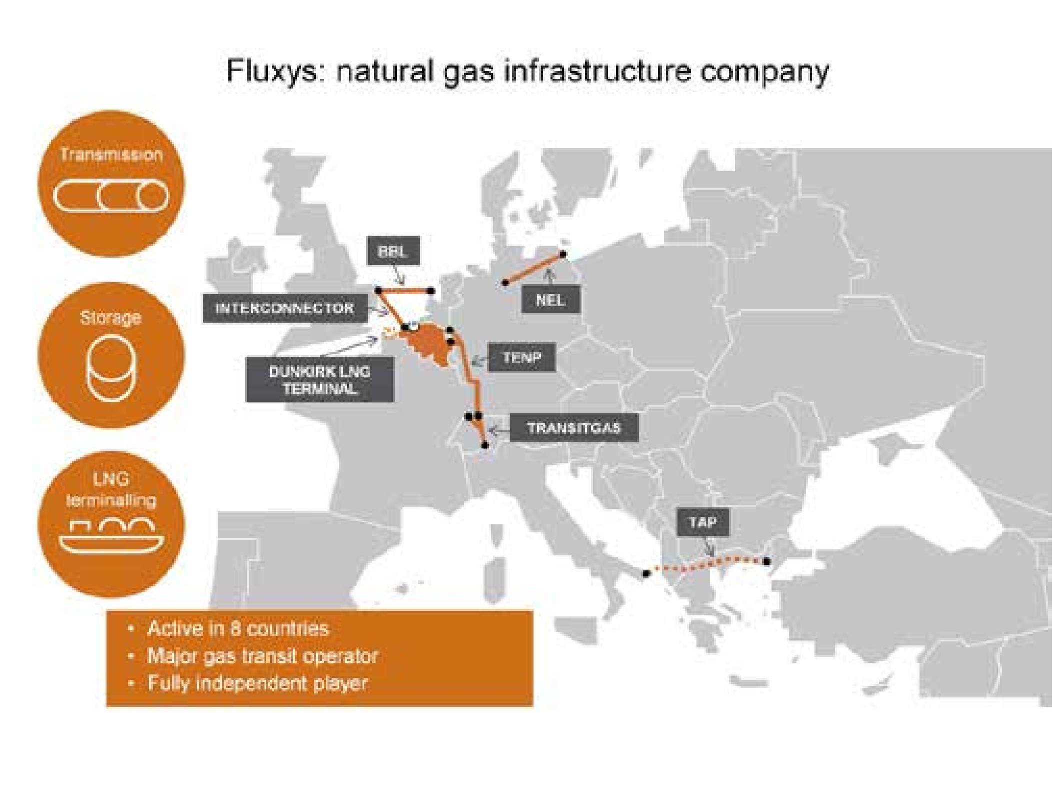
Customer focus - We listen to our external and internal customers' needs and keep to our commitments. This approach provides the driving force enabling us to achieve the results we strive for.

Cohesion - Within our own entity and beyond, we strive for cooperation and team spirit to jointly achieve our desired results.

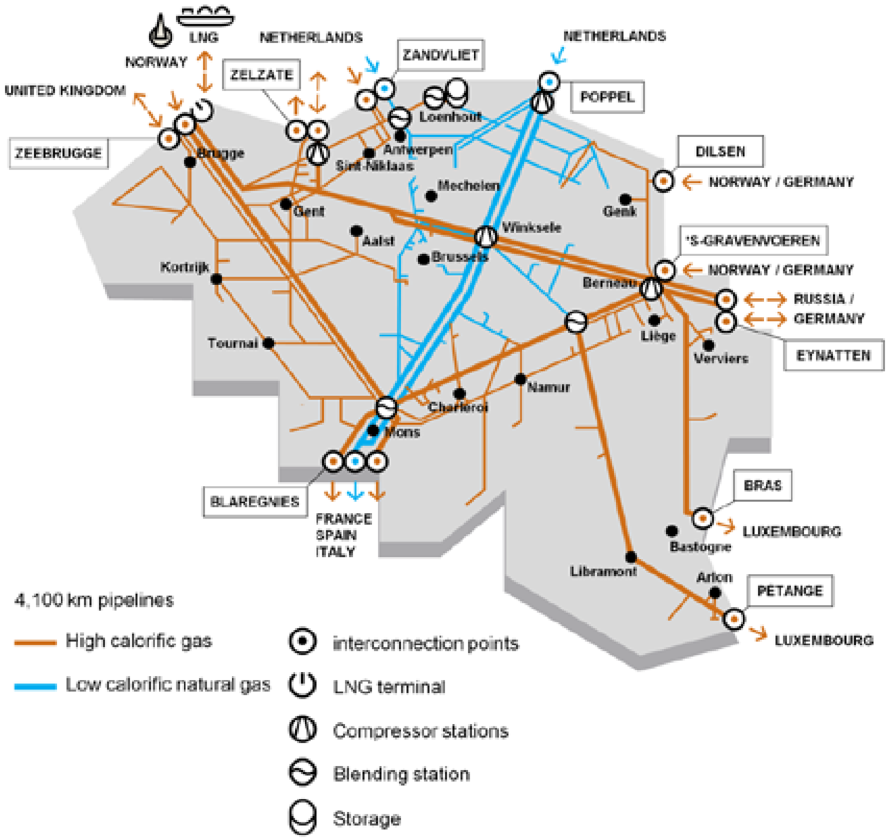
Professionalism en commitment – We are committed to achieving our results by adopting an efficient approach and ensuring we are guided by best practices in everything we do. We systematically develop our expertise and continually seek creative solutions at a reasonable cost.

Safety and environment - We jointly give priority to the safety of our facilities because we are responsible for transmission of a type of energy that entails risks. In the same spirit of sustainability, we strive to minimise the environmental impact of our operations whilst keeping a close eye on welfare at work.

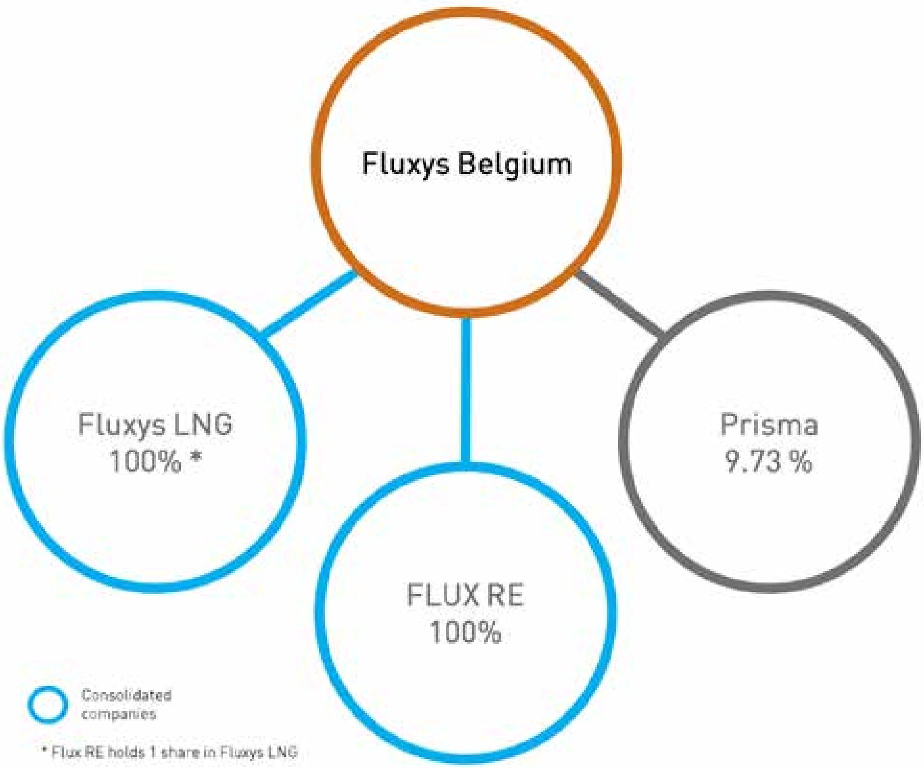
Good neighbourly relations - We provide services of general economic interest and have to ensure our activities are properly integrated in society. Through open dialogue, we want to establish good relations and cooperate with all those affected by the construction and operation of our facilities.


Fluxys: natural gas infrastructure company
Transmission
Storage
LNG terminalling
BBL
NEL
INTERCONNECTOR
TENP
DUNKIRK LNG TERMINAL
TRANSITGAS
TAP
• Active in 8 countries
• Major gas transit operator
• Fully independent player

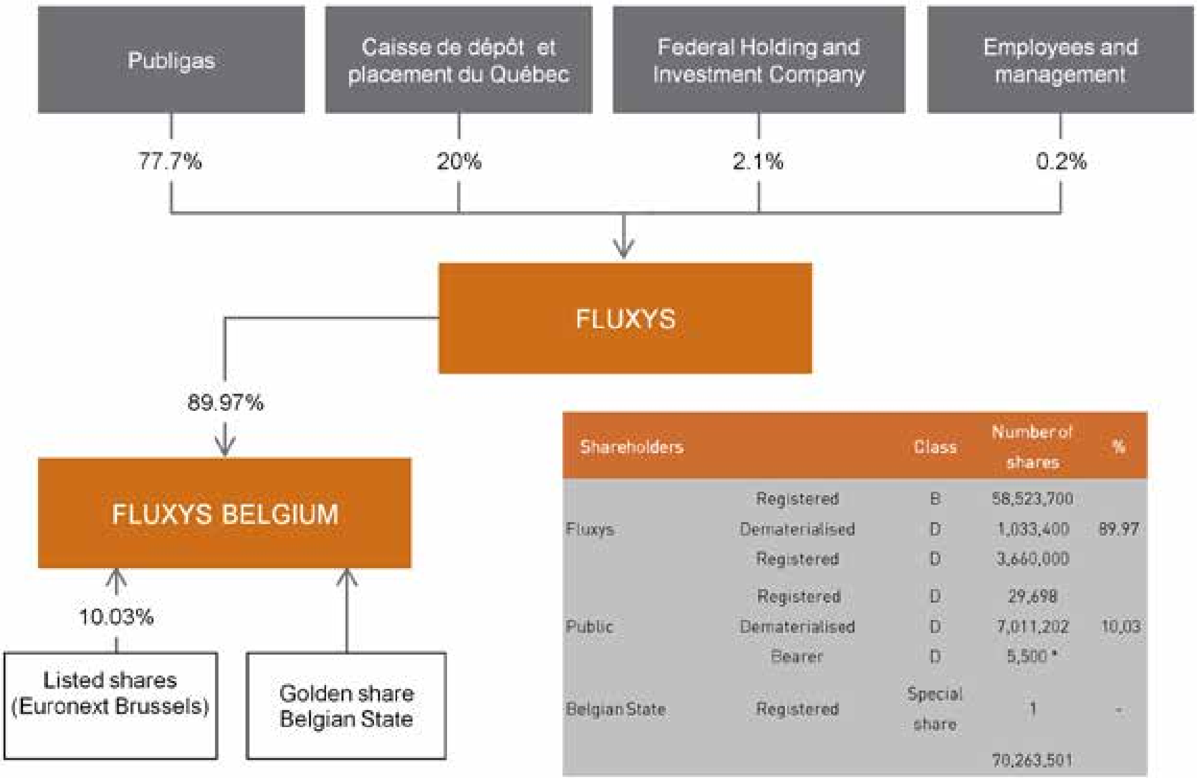
Our infrastructure



Our subsidiaries



Our shareholders and capital structure



Shareholders		Class	Number of shares	%
	Registered	B	58,523,700	
Fluxys	Dematerialised	D	1,033,400	89.97
	Registered	D	3,660,000	
	Registered	D	29,698	
Public	Dematerialised	D	7,011,202	10.03
	Bearer	D	5,500 *	
Belgian State	Registered	Special share	1	-
			70,263,501	

* The bearer shares are 55 unsplit Fluxys BE0974265945 shares.

- Class D shares are quoted on the first market of NYSE Euronext Brussels.
- Fluxys is a public limited company incorporated under Belgian law. Its registered office is located in Belgium at Avenue des Arts 31, 1040 Brussels.
- The Belgian state is represented by the Finance Minister.

Share price

Fluxys Belgium shares

Fluxys Belgium’s class-D shares are listed on the first market of Euronext Brussels.

Shareholders’ agenda

12.05.2015	Annual General Meeting
19.05.2015	Payment of dividends
30.09.2015	Press release by the Board of Directors on the half-yearly results in accordance with IFRS

Interim statements will be published in May and November 2015.

Payment of dividends

The gross dividend per share for financial year 2014 is €1.20 (€0.90 net), compared with €1.32 gross for the previous financial year (€0.99 net). The amount of the recurring dividend is primarily determined by invested equity, financial structure and interest rates (Belgian linear bonds). Interest rates fell further in 2014, negatively impacting the dividend.

Bearer shares

As stipulated in the Act of 14 December 2005 on the abolition of bearer shares, all unclaimed bearer shares must be sold in 2015. Details of the proposed sale must first be published in the Belgian Official Gazette and on the Euronext Brussels website. A period of one month must elapse between publication of details and the sale itself, and sales formalities must be commenced no later than three months following publication. By law, the net income from such sales must be held at the Deposit and Consignment Office until such time as an individual or individuals who can prove that the shares in question are held in their name(s) request payment for them. As from 31 December 2015, each year the Deposit and Consignment Office shall retain a 10% sum.

Fluxys Belgium share

		2014	2013	2012	2011	2010
Price	Maximum	30.50	37.56	33,99	2,877	2,525
	Minimum	26.03	26.50	28,15	2,301	2,150
	Closing rate as at 31 December	27.09	26.98	32,60	2,830	2,330
	Average	28.38	31.41	31,18	2,658	2,302
Cashflow[1] per share		2.75	2.49	2.79	297.79	486.56
Consolidated net profit per share		0.86	0.98	1.26	173.74	352.04
Price/profit ratio as at 31 December		32	28	26	16	7
Number of shares		70,263,501	70,263,501	70,263,501	702,636	702,636
Average daily volume traded		2,352	3,192	5,030	22	20

Gross/net dividend per share (€)

	2014*	2013*	2012*	2011*	2010 **
Gross dividend per share	1.20	1.32	1.60	8.88	448
Net dividend per share	0.90	0.99	1.20	6.66	336

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

	2014	2013	2012***	2011	2010
Consolidated net result, Fluxys Belgium SA share	60.4	68.6	88.4	122	247

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

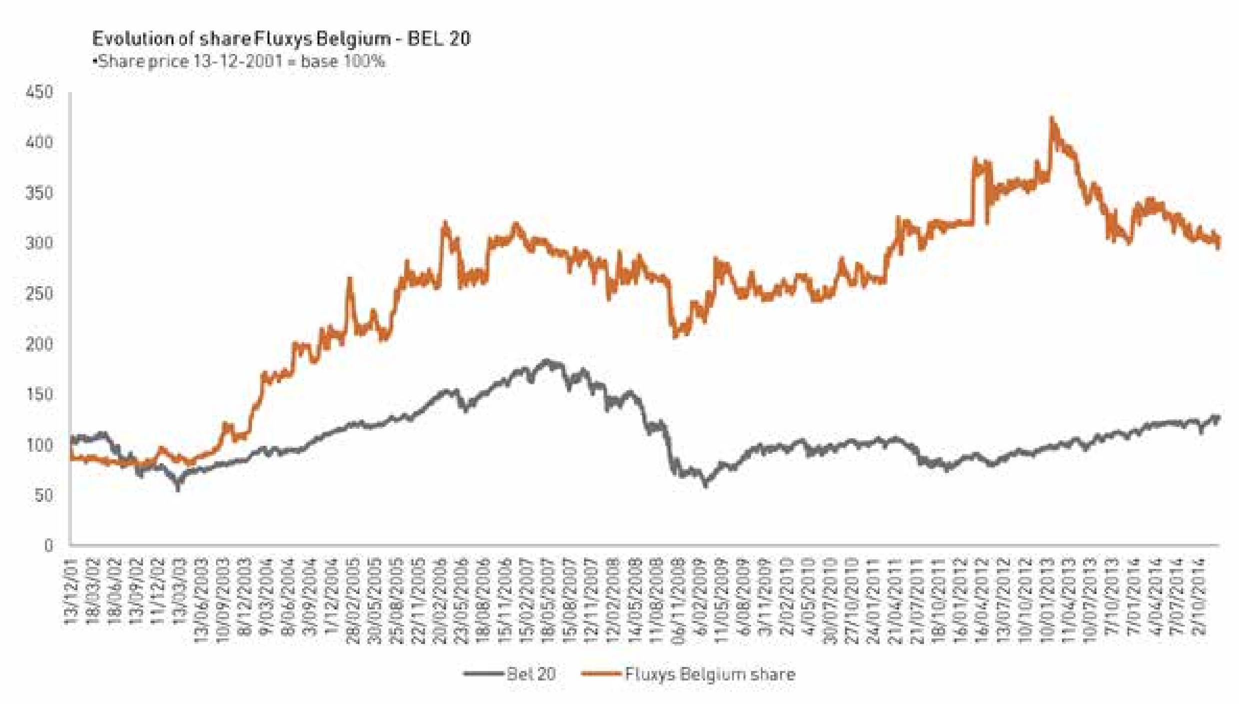
	2014	2013	2012	2011	2010
Consolidated equity, Fluxys Belgium SA share	750	791	828	1.363	1,401

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

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

Notes on Fluxys Belgium shares

The lowest closing rate in 2014, €26.03, was reached on 24 December. The highest closing price was €30.50 on 31 March. At the end of 2014, the share price was €27.09. The average daily volume of Fluxys Belgium shares traded on the regulated Euronext Brussels market was 2,352 in 2014, compared with 3,192 in 2013.



01

LNG TERMINALLING

Availability: 100%
No services have been rendered unavailable as a result of unplanned

34
LNG carriers unloaded
(37 in 2013)
= 30.9 TWh LNG
1,385: number of carriers unloaded since commercial activities began in 1987

19
LNG carriers loaded
(21in 2013)
= 16.7 TWh LNG
Loading services very popular over the past few years: combination of the plentiful supply of natural gas in Europe + the major demand for natural gas in South America and Asia
2015: loading of bunker vessels begins

Industrial sites
LNG filling stations

1,670
trucks loaded with LNG
(819 in 2013)
= 0.4 TWh LNG
Destinations: Belgium, the Netherlands, France, the UK, Germany, Scandinavia, Switzerland, Poland

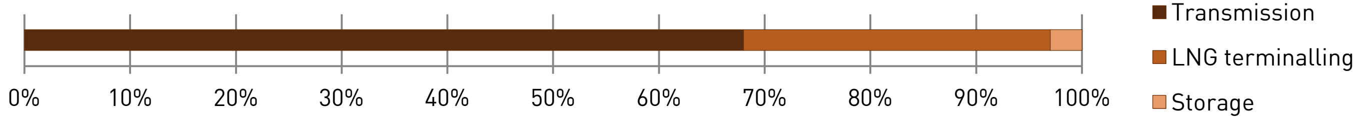
13.3 TWh
regasified
(-19% tov 2013)
and transmitted through the Fluxys Belgium pipeline network

INVESTMENTS

Indicative investment programme for 2015-2024: 949 million €

- Commerial initiatives and external cooperation (44%)
- Infrastructure integrity and renovation (34%)
- Material, equipment, IT applications and buildings (13%)
- Covering expected developments in peak demand in Belgium (9%)

94.4 million € invested in 2014



Largest projects

- **second jetty** under construction at the Zeebrugge LNG terminal
- restructuring and renovation of the network in and around **Gent**
- preparations have begun for the construction of the **Alveringem-Maldegem** pipeline

ACTIVITIES

TRANSMISSION

401.6 TWh
imported
(down 7.9 % on 2013)

160.4 TWh
transmitted for the Belgian market
(down 12.5% on 2013)

241.2 TWh
transmitted to neighbouring networks from border to border
(down 4.6 % on 2013)

41.2 TWh
consumed by industrial companies directly connected to the Fluxys network
(down 3.9% on 2013)

39.7 TWh
consumed by power plants
(down 6.7% on 2013)

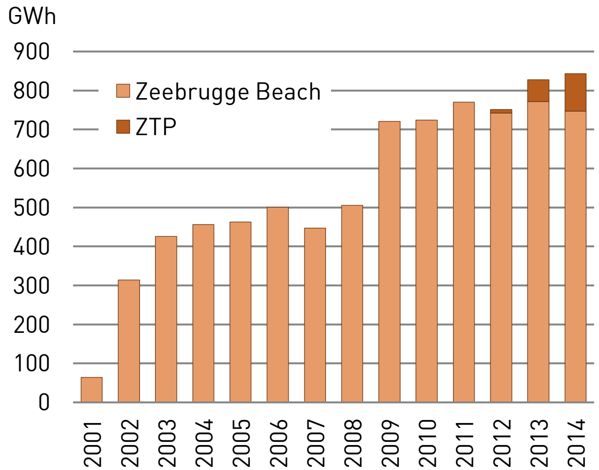
79.5 TWh
drawn off by distribution system operators
(down 18.8% on 2013)

2.9 million households

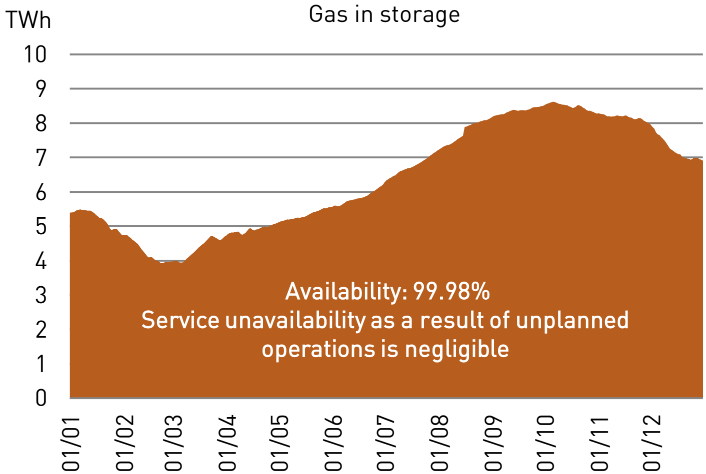
100,000 SMEs

2014: the warmest year since records began in 1833

VOLUMES SOLD AT ZEEBRUGGE BEACH AND ZTP



STORAGE



Activities: contents

1.1. Transmission: increase in volumes thanks to new long-term contracts

1.1.1. Slight increase in capacity sold

For 2014, Fluxys Belgium recorded a slight increase of transmission capacity sold compared to last year. This was due to the start in late 2013 of **new long-term contracts** for border-to-border transmission on the north/south axis, which resulted in additional capacity sales in 2014. At the same time, however, sales of short-term border-to-border transmission capacity dwindled, primarily due to the fact that there were no instances of exceptional peak demand in either the UK or Germany, in contrast to last year. This demonstrates clearly that system users solely book capacity for the short term and in function of their actual needs; this is becoming a general trend which deviates from the previous business model applicable for the development of natural gas systems.

Capacity bookings for supply to the Belgian market were globally lower. Bookings for industrial companies in particular remained largely stable, , while capacity sales to distribution network operators increased in proportion to the rising number of connections on the distribution networks. By contrast, capacity bookings for **gas-fired power stations** declined sharply following the decommissioning of two power stations (generating 540 MWh of electricity) and the temporary shutdown of a third one (generating 175 MWh of electricity).

1.1.2. Decline in volumes transmitted

Volumes transmitted in 2014 fell by 8% compared with 2013. The main reasons for this decline were exceptionally **warm temperatures** at both the start and end of the year, combined with a continuing trend towards smaller volumes being conveyed for power stations. The share of natural gas in the electricity mix has plummeted due to the combined effect of an increasing share of renewable generation, and coal-fired power stations being cheaper due to low prices for both coal and CO_2-emission rights. Volumes transited to neighbouring countries were also down, but to a lesser extent than for the Belgian market.

KEY FACT > NATURAL-GAS FIRED POWER STATIONS: CRUCIAL FOR SECURING ELECTRICITY SUPPLY

As elsewhere in Europe, generation of electricity using natural gas is under considerable strain. Nevertheless, natural gas-fired power stations are key in achieving security of supply for the electricity market. This was clearly demonstrated in August and December 2014 when nuclear generation capacity was unexpectedly halted. On each occasion, the sudden loss of generation capacity was initially covered flexibly by gas-fired power stations, with the shortfall only being offset through imports of additional power from abroad at a later stage. Natural-gas fired power stations also proved crucial in keeping power production up during the planned maintenance on Tihange 1 throughout September 2014, despite massive quantities of electricity being imported from abroad.

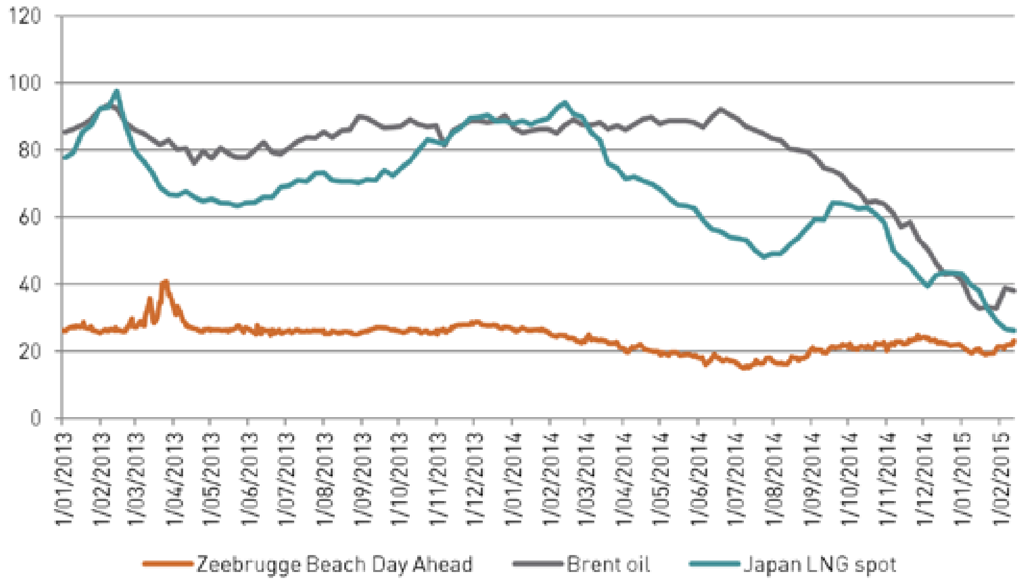
1.1.3. Significant liquidity growth on the ZTP gas trading point

Due to high demand for LNG in Asia and South America, less LNG has been available in recent years at Zeebrugge, as was the case throughout the whole of Europe. Despite this, traded volumes on the **Zeebrugge Beach** gas trading point remained stable at 747 TWh in 2014 compared with 771 TWh in 2013 and 743 TWh in 2012, with additional gas volumes being transported to the Zeebrugge area from other interconnection points. Nevertheless, LNG remains a key component of traded volumes, a fact that was evidenced once again in early 2015 when during the week of 19 January three LNG tankers were unloaded at the LNG terminal in Zeebrugge, which triggered a sharp rise in traded volumes.

Trading on the **ZTP** point in 2014 increased by 70% compared with 2013. The number of active market parties has risen steadily to a total of approximately 39. Since mid-2013, in addition to the ICE-Endex platform, market parties have also been given the possibility to use the PEGAS platform to process gas transactions. Since late 2014, various end-users including industrial players and power-station operators have also been able to purchase natural gas directly on the ZTP.

The **potential for growth** during the coming years resides in the anticipated increase in LNG volumes made available in Zeebrugge. In Australia, for instance, new production units are coming online which will boost LNG availability on the global market. In addition, demand for LNG in Asia is declining and the drop in oil price is making oil-indexed long-term LNG contracts a more attractive option than spot cargos for Asian buyers. As a result, it is possible that more carriers will once again unload at the LNG terminal in Zeebrugge and fewer will reload for delivery to higher prices markets. This trend has already emerged during the early months of 2015: in the first three months a total of 238 TWh was traded on the gas trading places of Zeebrugge Beach and ZTP combined, compared with 220 TWh in the same period of 2014. It is also anticipated that the Dunkirk LNG terminal will have a positive effect: thanks to the connection to the Zeebrugge area, which is scheduled to come into operation in late 2015, an additional source of natural gas will become available for trading on both Zeebrugge Beach and ZTP.

Price evolution Zeebrugge Beach Day Ahead - Brent oil - Japan LNG spot [€/MWh]



CREG memo on the striking changes on the Belgian electricity and gas wholesale markets in 2014 (22 January 2015)	*"Belgium's natural-gas supply model is extremely flexible due to the high levels of cross-border gas trading in Belgium and the choice of a wide range of transmission routes and sources depending on market conditions. It is precisely this cross-border trading and suppliers' international portfolio management which ensures liquidity in Belgium and helps to guarantee efficient wholesale pricing and security of supply."*

1.1.4. Reduction in conversion capacity

Fluxys conveys low-calorific gas (L-gas) and high-calorific gas (H-gas) via two separate networks. Grid users can book services to convert H-gas to L-gas (by adding nitrogen) and to inject L-gas into the H-gas grid. In recent years, demand for such services has been declining steadily despite an adjustment to both tariffs and service offer. At present there are still insufficient bookings to cover the associated costs and with this in mind Fluxys Belgium has decided to decommission one of its conversion facilities, namely the Transfo in Loenhout. By doing so, three quarters of the conversion capacity remains available, which is more than adequate to fulfil the market's needs. However, Fluxys Belgium is still prepared – should the authorities so wish – to look into the possibility of shutting Transfo down temporarily for an interim period of two years prior to closing it down for good.

1.2. Storage: appropriate products for a market under pressure

For several years there has been a relative oversupply of storage possibilities in Europe. In addition to this, stagnating demand for natural gas is creating an oversupply of natural gas on the gas trading places, which in turn leads to tiny price differences between summer and winter , which entails that physical storage of natural gas is priced out of the market. Furthermore, Fluxys Belgium's storage activity in Belgium is also in competition with non-regulated storage services elsewhere in Europe, while other countries in Europe tend to mobilise their storage facilities much more as a means of ensuring security of supply, for example by obliging suppliers to book a certain amount of storage capacity.

In the years to come, the challenge will consist in developing products and services which are geared as closely as possible to meet the needs of storage customers, both technically and in terms of tariffs. It will also be crucial to bring in line the legal and regulatory framework governing storage services with the currently competitive position of storage activity in Belgium, which is going through a bad patch.

KEY FACT > 100% OF STORAGE VOLUMES SOLD

At the European Gas Conference held in Vienna, Fluxys Belgium’s parent company – Fluxys – won the Gas Storage Operator of the Year award in recognition of its creativity in managing to sell its entire available storage volume in 2014. Some storage services at Loenhout have been sold on a long-term basis: over 70% of storage capacity up to 2016, and almost 60% after 2016. Yearly storage services are facing particularly stiff competition, but thanks to favourable market conditions and responsive storage products, Fluxys Belgium has managed to sell all remaining storage volumes. An unusual situation arose during 2014: due to the very mild winter of 2013-14 and the resulting low gas prices, an even greater oversupply built up during the summer of 2014 and the summer price dropped lower than normal. Thanks to this, the price difference between summer 2014 and winter 2014-15 exceeded the storage tariff, prompting additional yearly bookings.

1.3. Zeebrugge terminal targets versatility

LNG price differences between Europe on one hand and Asia and South America on the other hand remained substantial during most of 2014. Combined with the relative oversupply of natural gas on the European market, this resulted in fewer LNG cargos being unloaded and a substantial volume of LNG being reloaded for supply on higher priced markets, as was the case in 2013. With 34 unloading operations and 19 loading operations, the Zeebrugge LNG terminal enjoyed a favourable usage rate compared with other terminals in northwest Europe.

In addition to handling LNG conveyed by large ships, the terminal is developping specifically into a **hub for small-scale LNG** use. It is so that LNG trucks can be loaded with LNG for a wide variety of uses: supplying industrial sites in Europe where pipeline supplies are not available, supplying LNG-powered ships or supplying filling stations for trucks that run on LNG. This particular market is clearly gaining momentum, with twice as many trucks loaded in 2014 as in 2013..

In November 2014 additional slots were booked for loading small LNG ships in 2015-16 in order to supply small-scale LNG consumers in Scandinavia. The number of small LNG ships is set to increase further still once the **second jetty,** currently under construction, comes into operation. The jetty has been designed to enable small LNG bunker vessels to be loaded with LNG and to supply it either to other LNG-powered vessels or to small-scale LNG bunker terminals at other ports. The second jetty is due to come into service in late 2015.

Key fact > Project for fifth tank at LNG terminal to offer transshipment services

In 2014, Fluxys worked out in close cooperation with CREG transshipment services that enable large cargos of LNG to be loaded into a storage tank in Zeebrugge and subsequently to be reloaded onto an LNG ship. During the summer, Fluxys organised a market consultation on the corresponding regulatory documents, which were ultimately approved by CREG in October

In early 2015, Fluxys LNG gauged market interest in transshipment services at the LNG terminal in Zeebrugge. All 214 annual berthing rights for transshipment as well as a storage capacity of 180,000 m³ of LNG for transshipment have been booked by Yamal LNG for a period of 20 years.

The Yamal LNG production terminal is currently under construction; the first liquefaction train is due to come into service in 2017. The transshipment services booked with Fluxys will constitute a pivotal link in the logistics chain, enabling LNG to be supplied year-round from Yamal to countries in Asia and the Pacific Ocean, even in winter time when the so-called Northern Sea Route in the Arctic Ocean is closed to navigation.

Fluxys will offer an initial package of services – namely ship-to-ship transfers – as soon as the extension of the terminal's compression capacity has been carried out. Additional storage capacity will be offered once construction of a fifth storage tank with a capacity of 180,000 m³ and additional facilities is completed. The final investment decision in this regard has been taken in March 2015 and the new capacity extension is expected to be completed by mid-2019.

1.4. Company-wide initiative to boost efficiency

Fluxys Belgium has developped its Belgian grid into a crossroads for natural gas in northwest Europe, offering a high level of interconnectivity, a wide range of available sources, a solid gas trading point and competitive tariffs. To enable the company to sustainably fulfil this key role, a proactive initiative was launched in early 2014 to further boost efficiency and reduce both operational and capital expenditures.IN the framework of this project, staff from all departments have buckled down to new effective ways of working, in order to ensure that safety, along with our other core company values, remain at the heart of everything we do.

During 2014, Fluxys Belgium's teams achieved together an important milestone in relation to the objectives set. All departments have played their part in this success, in particular the operational ones which have completely redesigned their work organisation methods. These efforts contributed to the reduction in tariffs in early 2015 and will make Fluxys Belgium also stronger for the future.

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

Fluxys Belgium and the Fluxys group are active on various fronts to promote natural gas as a fuel for transport and to boost this highly promising but still emerging market. The **advantages of natural gas are beyond dispute**. Switching from petrol, diesel or heavy fuel oil to natural gas directly reduces CO_2 emissions, and also has an immediate impact on air quality and the health effects linked to it: combustion of natural gas produces significantly lower quantities of nitrogen oxides, and the amounts of sulphur and particulate matters released are negligible. An additional advantage is that natural gas engines use a well-tried technology that has already proved its worth.

The challenge consists in developing the necessary infrastructure so that cars, trucks and ships can easily fill up with natural gas. Until recently, investments in filling facilities were scarce because there were not yet enough ships or vehicles, and potential users were holding off switching to natural gas due to the lack of refuelling infrastructure. In 2014, this **chicken-and-egg situation changed**: both in Belgium and elsewhere in Europe a clear trend has emerged towards investment. The Fluxys group is committed to continuing to invest based on sound business cases and to teaming up with other players where appropriate.

LNG for shipping

Thanks to its **low emission values**, natural gas is an ideal alternative fuel for ships; from 2015 onwards stricter sulphur emissions standards have come into force for the English Channel, the North Sea and the Baltic Sea (SECA). At present, five inland waterway vessels are already running on LNG and are being supplied via trucks which are loaded at the LNG terminal in Zeebrugge among others (truck-to-ship bunkering).

At the LNG terminal in Zeebrugge, a **second jetty is under construction** which will enable so-called LNG bunker vessels to berth. LNG bunker vessels are small LNG ships which load LNG in order to fill up LNG-powered ships (*ship-to-ship bunkering*) or which convey LNG to small-scale LNG bunker terminals at other ports. The second jetty is scheduled to come into operation in late 2015.

In 2014, GDF SUEZ, Mitsubishi and NYK placed an order for an LNG bunker vessel which will operate from 2016 and that will have Zeebrugge as its home port, while the shipper UECC has ordered two new LNG-powered ships which will be supplied by this bunker vessel. Parent company Fluxys is examining the opportunity to co-invest in the latter. Skangass has also ordered a new LNG bunker ship which will operate at the LNG terminal in Zeebrugge, supplying small-scale LNG in Scandinavia.

Preparations are also well under way at the **Port of Antwerp** to facilitate the use of LNG as a shipping fuel. Research is ongoing into building an LNG bunker ship and Fluxys has played an active role in safety studies associated with identifying locations within the port in which LNG bunker terminals could be sited to supply ocean-going and inland vessels alike. In 2014, the Port of Antwerp was also granted subsidies from the European Union to build small-scale LNG infrastructure for inland shipping. Fluxys has submitted a tender, as part of a consortium with two other partners, to offer its expertise in this field to build these LNG bunker terminals.

KEY FACT > SUPPLY TO BELGIUM'S TWO LNG REFUELLING STATIONS COMMENCES FROM ZEEBRUGGE

In 2014, two LNG refuelling stations for long-haul trucks came into operation in Belgium. These stations are supplied via LNG trucks bringing LNG from the terminal in Zeebrugge. The Fluxys group is also involved in expanding LNG refuelling facilities, and has been working with the haulage company Eric Mattheeuws. In September 2014, the refuelling station in **Veurne** came into operation. Eric Mattheeuws has invested in an initial fleet of 26 dual-fuel LNG-powered trucks.

Construction of the refuelling station in Veurne was cofinanced by the European Union. For Fluxys, the station was a pilot project in terms both of engineering, technology and permitting, and of assessing the economic feasibility of this type of infrastructure. The Fluxys group is looking into opportunities to build additional LNG refuelling stations and is in talks with haulage companies with a view to switching their fleet to LNG.

CNG for cars

Fluxys Belgium, the Royal Association of Belgian Gas Companies, refuelling-station operators and car manufacturers are working together under the umbrella of the Belgian Natural Gas Vehicle Association (NGVA.be) to encourage private individuals, companies and local authorities alike to use CNG-powered vehicles.

- A bonus scheme was run at the 2014 and 2015 motor shows for anyone ordering a vehicle running on CNG. The promotion paid off: thanks to the combined efforts of all NGVA.be members, there are now approximately 2,000 vehicles in Belgium running on CNG.
- Efforts by distribution network operators to switch their own fleets to CNG and to convince local authorities to do the same have also been extremely successful.
- The network of refuelling stations for CNG-powered vehicles has also expanded significantly, with around 25 refuelling stations already in operation and over 60 projects for further stations planned during the period 2015-2017.

1.6. Constructive cooperation with stakeholders and other system operators

CREG: new tariff methodology for the period 2016-2019

Following constructive discussions with Fluxys Belgium and Fluxys LNG, and following a public consultation and a hearing in the Chamber of Representatives, CREG approved in December 2014 a **new tariff methodology** for transmission, storage and LNG terminalling activities for the regulatory period 2016-2019.

The new tariff methodology aims to offer both the market as a whole and infrastructure operators continuity and a stable regulatory framework.. It builds largely on the tried-and-tested principles of the current methodology and remains focussed on offering the market some of the lowest tariffs in Europe.

- There is an incentive for efficiency enhancements in relation to controllable costs, which will benefit both tariffs and returns.
- As in the past, calculations will be based on a weighted average cost of capital (WACC) in relation to the regulated asset base (RAB). The RAB and WACC formula will remain stable compared with the current regulatory period.

- As under the current tariff methodology, the rate of return will be based on the annual average value of linear bonds issued by the Belgian State (OLOs, see also p. 81). However, an illiquidity premium will also be included which will to some degree attenuate the negative impact of falling OLOs on the allowed return.
- The new methodology also introduces a fast-track approval process when infrastructure operators submit tariff adjustments to enable them to respond appropriately and in a flexible way to changes in terms of market requirements.
- Another important change is that a special system, with among other things longer regulatory periods, may be applied to tariffs for new storage or LNG facilities, as well as to investments in facilities aimed at boosting security of supply, Another new element is that from 1 January 2016, hub services will become part of Fluxys Belgium's transmission activities and as such will be regulated.

KEY FACT > LOWER TARIFFS

In November 2014, the federal energy regulator CREG approved Fluxys Belgium's tariff proposal to reduce transmission tariffs by 7% from 1 January 2015. CREG and Fluxys Belgium have been working together closely to factor in, among other things, commercial efforts, efficient cost-management and lower financing costs in recent years. These elements have made it possible within the regulatory framework to use past differences between Fluxys Belgium's generated and allowed incomes to lower tariffs. This reduction will not affect Fluxys Belgium's net profit for 2015.

The lower tariffs will shore up the position of the Belgium transmission system as the crossroads for international gas flows in northwest Europe. By keeping tariffs competitive, Fluxys Belgium remains well-equipped to cope with competition from other operators in Europe active in the international transit; low tariffs also boost the competitiveness of the Belgian economy as a whole. Furthermore, Fluxys Belgium is the only system operator in northwest Europe which has implemented such a general across-the board tariff reduction for transmission.

In order to continue offering competitive storage services, Fluxys Belgium strove to further optimise the costs of its storage facility in 2014. These efforts resulted in a reduction of almost 28% in the transmission costs associated to the use of the storage facility.

FPS Economy: shoring up security of supply in Belgium

Under the 2010 European Regulation on **security of supply**, the competent authorities in the Member States are required to perform a risk assessment on the supply situation, draw up a preventive action plan and work out an emergency plan in cooperation with neighbouring countries. Fluxys Belgium is working together with the Federal Public Service Economy to strengthen security of supply in Belgium.

In 2014, the initial risk-assessment of the supply situation, the preventive action plan and the emergency plan were updated for the first time. In early 2014, a Ministerial Decree was also published on a coordinated approach between the government and Fluxys Belgium in the event of an emergency situation jeopardising natural gas supplies. Given the link between gas supply and electricity generation, the decree also implements the natural-gas load-shedding plan to be followed by Fluxys Belgium in the event of such an emergency situation in a bid to keep the impact of a gas shortage on the electricity grid to a minimum.

Conversely, thanks to a continuous dialogue with Elia, the system operator for the electricity grid, Fluxys Belgium has ensured that in the event of an imminent **electricity shortage** operation of the natural gas system – and thus gas supply as a whole – will not be jeopardised. Fluxys Belgium's emergency-plan scenarios also cover how to activate the electricity load-shedding plan and how to deal with a widespread outage.

KEY FACT > MOVING TOWARDS AN INTEGRATED GAS MARKET FOR LUXEMBOURG AND BELGIUM

Fluxys Belgium and Creos Luxembourg, and their respective regulators the Commission for Electricity and Gas Regulation (CREG) and the Luxembourg Regulatory Authority (ILR), are working closely together to integrate both countries' high-calorific gas markets by the end of 2015. This initiative comes in response to the expressed desire of the European Union to create a European gas market without borders and will be the first market-integration project between the two Member States.

The integration of the Belgian and Luxembourg gas markets will enhance market operation and security of supply in the Grand Duchy of Luxembourg. Balancing rules in the two countries are being harmonised, which will make business much easier for suppliers operating in both.

In early February 2015, the partners launched a consultation process presenting the changes required to the regulatory situation to the market. The feedback from market players is currently being analysed, the aim being to have new regulatory documents approved by summer 2015.

ENTSOG: European network codes

As Belgium's transmission system operator, Fluxys Belgium is committed to achieving an integrated European natural gas market, and works closely with other transmission system operators on concrete projects in a bid to achieve this goal. More broadly, Fluxys Belgium is also working towards harmonising gas strategy in Europe, for example within ENTSOG, the European Network of Transmission System Operators for Gas. Fluxys is one of ENTSOG's founder members and Walter Peeraer, Managing Director and CEO of our parent company Fluxys, sits on its Board of Directors.

Via ENTSOG, the European transmission system operators are working within the framework of the EU's Third Energy Package to draw up harmonised rules or **network codes**. Each network code is being drawn up on the basis of framework guidelines compiled by the Agency for the Cooperation of Energy Regulators (ACER). Once the network code has been approved by the European authorities, it will enter into law.

With the introduction of its comprehensive entry/exit system in late 2012, Fluxys Belgium was already **looking ahead** to a network code for balancing and the company has also implemented rules governing congestion-management procedures. As a co-founder and active member of the PRISMA European Capacity Platform, Fluxys Belgium is helping to shore up the move towards a highly integrated European gas market in the spirit of the network code.

Since then, further work has been done on the network code in respect of interoperability and rules on data-sharing. The text is expected to enter into force on 1 May 2016, but will only have a limited impact on Fluxys Belgium given that the company has long been a pioneer in harmonising data-sharing rules.

Finally, ENTSOG and ACER are also working jointly on a compromise text for the network code on harmonised tariff structures. It remains unclear what the main focal points will be and what impact the code will have on Fluxys in Belgium.

1.7. Investments

1.7.1. Fluxys Belgium's indicative investment programme 2015-2024: €949 million

Each year, Fluxys Belgium updates its indicative ten-year investment programme – the Ten-Year Network Development Plan – for its three core activities: transmission and storage of natural gas, and LNG terminalling. During the period 2010-2014 Fluxys Belgium invested around €1 billion in its infrastructure, thanks to which the Belgian grid has expanded to its present state, boasting substantial entry capacity and virtually ubiquitous bidirectional flows, no congestion and advanced interconnection with other gas transmission systems in northwest Europe.

Taking into account the current economic climate and future import flows, the company has optimised its indicative investment programme with a view to investing as efficiently as possible. Following a period of record investment, spending levels are **returning to normal**: the indicative investment programme for 2015-2024 represents €949 million.

In view of the **difficult investment climate for new gas-fired power stations**, the indicative investment programme 2015-2024 does not include any new projects to connect such power stations to the network. It goes without saying that Fluxys Belgium will adjust its investment programme as and when concrete projects surface.

The **main pillars** of the indicative investment programme are:

- investments linked to commercial initiatives;
- investments to cover peak demand in Belgium;
- investments to keep the system infrastructure in good condition and to replace infrastructure;
- investments in equipment, ICT applications and buildings.

Federal Planning Bureau, The Belgian Energy System in 2050: where next? (17 October 2014)	*"It is estimated that between now and 2050, each year power stations providing additional capacity of approximately 1,250 MW will need to be built. (...) In monetary terms, this equates to a total investment between now and 2050 of some €62 billion: €31 billion between now and 2030, and a further €31 billion during the period 2030-2050. Electricity generation is evolving into a bipolar, capital-intensive system. (...) In 2050, two energy sources will dominate: renewables, which will account for 54% of net generation (of which approximately one fifth will be variable), and gas, with gas-fired power stations generating 45% of our energy."*

1.7.2. €94.4 million invested in infrastructure in Belgium in 2014

In 2014 Fluxys Belgium invested €94.4 million in infrastructure projects in Belgium: 68% of the total amount invested was allocated to transmission projects, 3% to storage projects and 29% to LNG terminalling projects.

Pipelines

Ghent restructuring (15 km). Fluxys Belgium kicked off its project to restructure the grid in and around Ghent in 2013. The aim of the project is to be able to continue to supply Ghent and the surrounding area in an efficient manner. Work began in the north of Ghent (Evergem and Ghent-Zeehaven) in November 2013, with these pipelines coming into operation in 2014. Work then began in the south of Ghent (Destelbergen, Gentbrugge, Ledeberg and Zwijnaarde) in autumn 2014 and these facilities are due to come into service during 2015.

The project is part of a screening programme to ensure that all Fluxys infrastructure will continue to meet exacting safety and quality standards in the long term. The screening revealed that some pipelines will ultimately need to be replaced in some locations, that the grid will need to be restructured in some locations, and that some pipeline sections will need to be decommissioned. With that in mind, Fluxys Belgium permanently decommissioned 135 kilometres of unused pipeline in 2014.

KEY FACT: WORK BEGINS ON LAYING A 74-KM PIPELINE BETWEEN ALVERINGEM AND MALDEGEM

In 2014, Fluxys began preparatory work for laying a new natural gas pipeline between Alveringem on the Franco-Belgian border and Maldegem, where the pipeline would connect to the existing Fluxys network. The new pipeline constitutes the Belgian part of the project to connect the LNG terminal under construction in Dunkirk with the Zeebrugge area. The connection will for the first time enable natural gas flows from France to Belgium, and onwards via the Belgian grid to other markets in Europe. The project will thus not only shore up security of supply and provide access to a more diverse range of gas sources, but will also broaden the opportunities available in terms of natural gas trading.

In 2014, remnants of war from the WWI Western Front running along the pipeline's route were excavated. As well as removing these remnants, archaeologists also conducted research. Work to lay the pipeline commenced in February 2015, with the pipeline between Alveringem and Maldegem and the accompanying above-ground facilities scheduled to undergo initial testing in autumn 2015 and be fully commissioned thereafter. Work on the section of the pipeline between Houthulst and Langemark-Poelkapelle, which will primarily supply the Ypres area, will begin in 2016.

Works at the LNG terminal in Zeebrugge: second jetty

A second jetty for loading and unloading LNG ships is currently under construction at the LNG terminal, meaning it will be possible to receive both the smallest and the biggest such ships at Zeebrugge (see also p. 31). The project will enable Fluxys to seize the opportunities afforded by the growing market for loading small vessels, whilst at the same time offering terminal users wider destination flexibility for their LNG.

MBZ, the Zeebrugge Port Authority, completed work on the underwater structure in 2013. Fluxys LNG then began building the superstructure and the process facilities. The jetty will enter into service in late 2015.

The project is benefiting from European support: after receiving cofinancing for the preparatory studies from Trans-European Energy Networks (TEN-E), in December 2014 Fluxys was also granted a subsidy from the Trans-European Transport Network (TEN-T) for fitting out the LNG terminal in Zeebrugge for small-scale LNG use.

Co-financed by the European Union
Trans-European Transport Network (TEN-T)

Works at the Zeebrugge inner port

In December 2014, demolition work on the two LNG tanks at the former peak-shaving facility in Zeebrugge was completed. Both the peak-shaving facilities themselves and surrounding buildings were demolished and dismantled. The cleared land will now be handed over to the Zeebrugge Port Authority, MBZ.

Developments in the industrial segment

At the end of 2014 the Fluxys grid comprised 233 direct connections with industrial end users, power stations and cogeneration facilities. During the course of the year one new connection was added: a high-pressure connection on the Antwerp site of BASF, a company specialising in chemical raw materials and semi-finished products.

Pressure-reducing station for distribution system operators

In Burcht, Fluxys has built a new connection point for public distribution, while adaptations have been made at other pressure-reducing stations (Wanze, Petit Rechain, Tubeke and Rocourt).

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

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

Currently, approximately 5 billion m³ of L-gas are supplied to Belgium from the Groningen gas field in the Netherlands. The Belgian grid is also a corridor, which in turn transports 5 billion m³ on to France. Gas from Groningen accounts for around 30% of supply in Belgium as a whole and approximately half of all the gas consumed by households and SMEs.

Transition: not an easy process

It has been known for some time that Dutch gas supplies are set to dwindle. The gradual depletion of the Groningen gas field is also causing earthquakes in the region; the Dutch government is therefore monitoring the situation very closely and has pledged to phase out production of L-gas completely between 2020 and 2035. Consultation is therefore taking place between all stakeholders with a view to ensuring that Belgium is prepared for the transition from Dutch natural gas to natural gas from other sources. Not only will infrastructure need to be adapted: end consumers, too, will need to have their systems inspected before they can be operated using H-gas.

Within Synergrid, the federation for electricity and gas system operators in Belgium, Fluxys is in talks with the relevant distribution system operators. Before Belgium's pipelines can be switched from L- to H-gas, Fluxys and other players in the Belgian gas sector will need to draw up an approved conversion plan, which must detail the timetable for the switch, the accompanying legal aspects and the regulatory and financial framework.

1.8. Research and development

1.8.1. Aims

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

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

1.8.2. Our approach

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

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

1.8.3. Safe operation of pipelines and facilities

Pipeline integrity. In 2014, Fluxys Belgium developed a model to evaluate pipeline integrity. Based on a range of quantitative parameters, the model can determine the theoretical risk of deterioration of the integrity of a pipeline segment. Among the parameters considered are environmental factors and the age, location and thickness of the pipeline. The entire pipeline system will be systematically evaluated using the tool.

Inspection technology for cathodic protection. Together with other members of the European Gas Research Group, in 2014 Fluxys Belgium evaluated new options for checking whether cathodic protection on a pipeline is working efficiently. As a result, cathodic protection can now be monitored internally using instruments which can be carried through the pipeline along with the natural gas – similar to those used for internal cleaning and monitoring of the pipeline itself.

Corrosion evaluation methodology. In 2013, Fluxys Belgium carried out around 30 large-instrumented tensile tests on small samples in partnership with the University of Ghent to develop a methodology for evaluating the level of corrosion of welded joints above which the safety of a pipeline would be compromised. In 2014, tensile tests were conducted on large samples. The European Pipeline Research Group considered the research and its results positive. The next step will be to bring the applicable international standards into line with the most recent scientific findings.

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

Drones. In 2014 tests were conducted on the use of drones to survey difficult-to-reach above-ground pipelines. The devices can capture high-definition images in photograph and video format and can survey pipelines from multiple angles. Fluxys Belgium is looking into the possibility of using drones for this purpose in the future.

1.8.4. Facility design

Improving the design of pressure-reducing stations. In 2014, Fluxys Belgium further improved the design and dimensioning principles used for pressure-reducing stations whilst ensuring that stations retain the same high levels of performance and safety. One improvement made is the application of a different technology for heating natural gas. These new principles were applied in the studies carried out in connection with the construction of new pressure-reducing stations in Overijse and Langemark-Poelkappelle in 2014.

Cutting noise levels. By analysing the noise sources and vibration signatures of turbines and pipelines, Fluxys Belgium is devising tangible solutions to reduce the level of noise generated by its facilities. In this connection, in 2014 it completed a programme of replacing the oil coolers of the compressors at its Winksele and Weelde stations.

Loenhout. The storage facility at Loenhout is used to store natural gas underground in an aquifer. As a result, when it is removed from storage the gas contains a degree of saltwater. Since 2012, research has been ongoing at Loenhout into how best to deal with this saltwater. In 2014, work was completed on a solution whereby a specialist firm will take the saltwater and other condensates away for processing

1.8.5. Dynamic models of the underground environment for storage at Loenhout

Hydrodynamic model of the ground water reservoir. A ground water reservoir is located close to the underground storage site at Loenhout. This reservoir has been mapped to produce a hydrodynamic model which can be used to determine the historical development of the storage facility. It is hoped that it will be possible to use the model to evaluate future-development scenarios, and the model itself is to be finalised during 2015.

Dynamic geological model. In partnership with the Geology Department at the Catholic University of Leuven (KUL), a 3D geological model of the karstified limestone in the ground beneath Loenhout has been transformed into a dynamic model providing information as to the future development and potential expansion of the storage facility. It gives us a clear picture of natural gas movements within the reservoir, how the gas interacts with the water, and pressure changes within the facility. In 2015, the model will be used to assess the impact of a geothermal doublet in Beerse on natural-gas storage at Loenhout.

1.8.6. New natural gas applications

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

All ports in Belgium and North-West Europe could be supplied with LNG from Zeebrugge. In this connection, Fluxys carried out a study for the Port of Antwerp into the safety aspects of siting LNG bunker terminals for supplying ships at different locations used by Seveso companies in the port. Fluxys is currently looking into the technical and economic aspects of building an LNG bunker facility for ocean-going ships in the Port of Antwerp.

Biogas injection. Biogas is gas produced from green waste and, like natural gas, its main component is methane. Fluxys Belgium is involved in various working groups looking at determining what composition biogas must have in order to be able to be injected into a natural gas network and what the impact will be of blending biogas with natural gas.

Power-to-gas. Power-to-gas is a technology for converting electricity into hydrogen or synthetic natural gas. By converting electricity into a different form of energy, power-to-gas is particularly valuable as a solution to the problem of storing electricity: for example, when wind turbines are running at full capacity while electricity demand is low, the surplus energy generated can be stored in the gas infrastructure in the form of hydrogen or synthetic natural gas. At present, it is not economically feasible to store large quantities of electricity.

In 2013, Fluxys Belgium joined forces with 10 other European companies in the North Sea Power to Gas Platform. The platform aims to bring together all players in the North Sea countries to monitor the technology and exchange best practices.

As part of the research into power-to-gas, Fluxys Belgium has been contributing to a Hydrogen in Pipeline Systems (HIPS) study by the European Gas Research Group to determine the allowable hydrogen concentration in different natural gas systems. At present, EU Member States apply different limits. The results of the study will enable these to be harmonised. There are currently two fields which still require investigation before harmonised limits can be determined, namely the impact of hydrogen injection on underground natural gas storage, and its impact on the CNG tanks fitted in the first generation of natural-gas powered cars.

Together with various Flemish partners (Hydrogenics, Elia, Colruyt Groep, Waterstofnet and Umicore) Fluxys has launched a study to inform the Flemish government about power-to-gas and propose support measures to enable power-to-gas technology to be brought to market more quickly. The partners are being backed in their efforts by Enterprise Flanders (*Vlaams Agentschap Ondernemen*).

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

1.8.7. ICT applications for customers

In 2014, Fluxys Belgium began developing an application to integrate new commercial and operational data into its ICT systems when commissioning the second jetty at the LNG terminal in Zeebrugge, and in connection with any future capacity extensions. The electronic communication system has also been refined in anticipation of expected future changes.

02

- **16%** < 5 years' experience
- **42%** 5-15 years' experience
- **42%** > 15 years' experience

10% work part-time

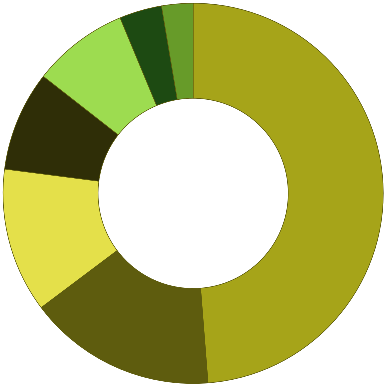
792 men

182 women

> 35,000 hours of training

- **8%** < 30 years old
- **28%** 30 – 39 years old
- **37%** 40-49 years old
- **27%** > 49 years old

MEDEWERKERS PER MÉTIER



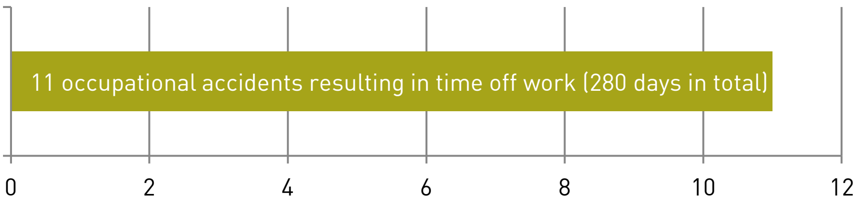
- infrastructure operations
- support servics
- ICT
- infrastructure: planning, projects and engineering
- sales
- gas flow management
- relations with communities and governements

TALENT STRATEGY BUILDING BLOCKS

Talent for today and tomorrow	Stimulating input of employees
Letting talent grow	Safeguarding the future today

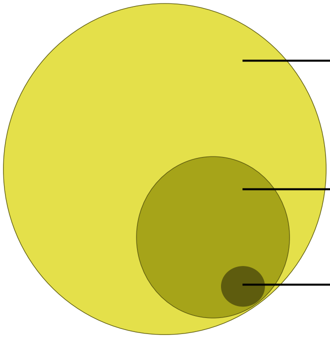
Well-being

Occupational accidents



0 occupational accidents at 11 out of 18 sites

SUSTAINABLE DEVELOPMENT



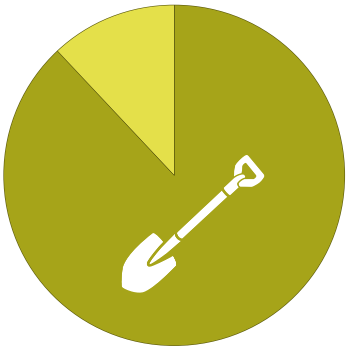
In 2014 , Fluxys received **363** reports of the smell of gas or a gas leak, from the 112-emergency centres, local residents, Fluxys detection facilities, the fire brigade, the police and so forth. Fluxys sends technicians out to a site depending on the information received as to where the smell of gas or gas leak has been identified.

Fluxys sent technicians out to sites on **146** occasions.

25 occasions were determined to indeed affect Fluxys infrastructure. None of the incidents reported required the authorities to activate an emergency plan.

75,000 people live or work in the vicinity of a Fluxys pipeline. At least once every six years, Fluxys contacts these people to remind them of the restrictions on what activities may be carried out within the vicinity of a pipeline.

Fluxys has infrastructure in **408** municipalities in Belgium. At some point during their terms of office, Fluxys visits each one to discuss its underground infrastructure there.

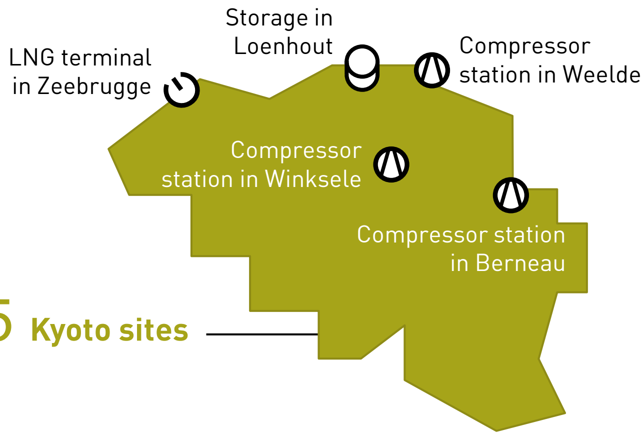


56,000
works reported

- via the KLIM or KLIP platforms
- via email, letter, fax

- 23,000 tonnes CO2

In 2013 Fluxys installed an **Open Rack Vaporizer** at its LNG terminal to regasify LNG using heat from seawater; this initiative has reduced energy consumption as well as emissions of CO2 and Nox.



5 Kyoto sites

Sustainable development: contents

2.1 Talent: the driver of our growth

Fluxys Belgium believes that it is crucial that every employee is fully committed to the company's vision, mission, strategy and values. To achieve this, it is paramount that we help every member of staff to understand not only *what* the company is aiming to achieve, but also *how* it wishes to achieve it and what processes and practices will support this.

2.1.1 Attracting talented employees now and for the future

For Fluxys Belgium, attracting the right talent is a key challenge and a priority in terms of the company's HR policy. It is about much more than matching the right person to the right job: as part of its strategic workforce planning, Fluxys Belgium seeks to recruit individuals and profiles that will deliver **added value** to the company as a whole. This naturally means that we are prepared to invest for the long term in talented individuals who are dedicated to the company. In return, we expect passion, motivation and commitment.

Based on its company objectives, Fluxys Belgium assesses its future HR requirements to ensure that it is clear about which profiles and skills we require within the company to be able to cope with the challenges we will face **in the years ahead**. We therefore use a variety of recruitment channels to seek out such talent, and we maintain close contact with many schools and universities; we also offer students the opportunity to follow an internship or complete their thesis with us. The company's 'youth-contract' scheme also promotes the hiring of graduates.

Fluxys Belgium wants to offer its employees a **dynamic career path** and as such encourages internal mobility. For some time now, we have given priority to internal applicants for vacancies when they arise in a bid to enable our staff to build a varied career. The international development of our parent company, Fluxys, also affords opportunities in this respect.

2.1.2 Encouraging contribution by staff

Through its various programmes to promote **integration**, continuing professional development, and performance and competency management Fluxys Belgium is keen to develop its employees' potential and to support them in their efforts to achieve the company's objectives.

A personalised **induction and integration programme** has been put together for new employees and those who are taking up a new role. Support is provided in the form of, for example, training sessions on Fluxys Belgium's working methods and processes, visits to various sites and sessions explaining what the company does. Managers are actively involved in the induction programme: they ensure that new staff are welcomed into their new team and integrate seamlessly into their new working environment. All new employees or existing staff members taking up a new role are also assigned a designated mentor – an experienced colleague whose role it is to support the new staff member in his/her new working environment.

Within the wider framework of Fluxys Belgium's company and departmental objectives, staff also set their own **personal goals**. They are encouraged by their line managers to keep these personal goals in mind throughout the year and to be as proactive as possible about discussing potential obstacles which might hinder their progress. Midway through the year, a formal discussion is held and key tasks or objectives adjusted as appropriate. At the end of the year an annual review is carried out to evaluate both the results and the manner in which they have been achieved against the benchmark of a set of previously determined criteria. The end-of-year review is also an opportunity for staff to identify additional areas for personal development.

2.1.3 Allowing talent to grow and flourish

Fluxys Belgium makes every effort to ensure that its staff have the **competencies they require** to achieve both their own personal goals and those of the company. In the years ahead, we are keen to enhance flexibility and adaptability, and the ability of staff to work across different disciplines and in a team, and to encourage a results-oriented and forward-looking mindset and approach. Managers are supported in managing the performance, development and commitment of their respective staff and teams, and executives and supervisory staff are encouraged to evaluate their talents and to produce and implement corresponding targeted personal- and career-development plans on a regular basis. Such an approach is also conducive to collective development initiatives.

In 2014, a new **training platform** – My learning space – was launched for executives and supervisory staff enabling them to access useful learning material (e.g. e-learning tools, books, articles) and share it with their colleagues. The platform also contains information on training courses on further developing Fluxys' key competencies.

Fluxys Belgium's training policy is designed to ensure that staff have the right knowledge and skills to **make the most valuable contribution possible to supporting the company's strategy, values and goals**. Fluxys Belgium attaches great importance to safety and technical training sessions, as well as to developing employees' general skills in ways of thinking and acting, communicating and leading others. In 2014, Fluxys staff completed just over 35,000 hours of training, with a number of internal forums having been run to ensure that all the group's staff have a solid understanding of its strategy and required practices.

2.1.4 Securing our future now

To ensure that it is able to continue to grow sustainably and to further consolidate its position on the natural gas market, Fluxys Belgium constantly strives to achieve **higher levels of performance and efficiency**. In 2014, the company launched a number of efficiency initiatives: several departments reviewed their working methods and looked at how employees' skills and competencies could be enhanced. Staff are continually expected to take a critical look at how they work on a day-to-day basis and to adapt to the changing work environment.

In a bid to move towards a **corporate culture** centred around efficiency, in line with Fluxys' values efforts are being made to support staff in achieving this. Accordingly, individuals' employability is being enhanced through helping them to acquire more targeted skills and competencies, steering them towards other opportunities within Fluxys, and providing tailored ad hoc support.

One of the keys to successful talent management is acknowledging fully the efforts made by staff. With this in mind, Fluxys Belgium offers **competitive remuneration in line with market levels**, thereby ensuring that the terms we offer are on a par with our competitors to enable us to attract and retain staff with the competencies we require. We are also developing a performance-related pay scheme to reflect individuals' commitment and contribution to achieving Fluxys Belgium's annual objectives.

2.1.5 Wellbeing at work

Our employees are our driving force and their commitment is crucial. Fluxys Belgium therefore does everything it can to foster cohesion and provide the best possible working environment for staff.

Since 2013, executives at the company's offices in Anderlecht and Brussels have been able to **work from home**. Following a successful pilot scheme in 2014 giving salaried employees the option to work from home as well, from February 2015 a similar scheme was launched for them. Fluxys Belgium hopes that the initiative will respond to the desire on the part of staff for a more efficient and flexible work structure.

Active involvement and dialogue are two of the cornerstones of Fluxys Belgium's HR policy. **Dialogue with the social partners** fosters smooth industrial relations within the company. Social dialogue takes place with a number of partners: all employees, members of the works council, the workplace Health &Safety committee, and union representatives. As such, Fluxys Belgium has been able to forge a relationship of trust thanks to transparent and constructive dialogue.

2.2 Safety is in our DNA

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

2.2.1 In the workplace: constant focus on reducing occupational accidents

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

Fluxys improved its safety performance in 2014. The focus remains on occupational accidents, but significant progress has been made in terms of enhancing our safety culture. Following the development of risk-management systems, Fluxys can now take more proactive steps towards preventing such accidents. This has been achieved through a review of HSE policy and by raising awareness among staff: training sessions were organised, for instance, in which staff learned how to set out their personal commitments. In addition, coaching sessions were organised for managers to help them encourage safe working practices in the workplace.

Technical training courses. Since 2013, technical training courses have become more interactive and practical so that acquired knowledge can be applied more easily in the field. Fluxys Belgium and Fluxys LNG employees completed a total of 21,272 hours of training in 2014 on technical and safety issues. That is approximately 59% of the total number of training hours in 2014.

In 2014, Fluxys worked with the Flemish Public Employment Service (VDAB) to put together training courses for excavator operators. Fluxys compiled the course material and together with the VDAB rigged up a training ground complete with underground pipelines to enable practical drills to be carried out. The VDAB will use the training facilities to enable jobseekers, students and employees alike to learn the tricks of the trade. The training courses have also been officially recognised by the Fund for Vocational Training in the Construction Industry (FFC/FVB). Fluxys is also looking to partner with Forem, the VDAB's Walloon counterpart, to organise similar courses in Wallonia.

Occupational accidents. In 2014, 11 accidents resulting in lost working time were recorded at Fluxys Belgium and Fluxys LNG – the same number as in 2013. However, the number of days' working time lost rose significantly from 115 in 2013 to 280 in 2014. Every accident is investigated thoroughly and immediate action is taken to prevent a similar incident occurring in the future, taking into account technical and behaviour-related considerations. As in 2013, some sites recorded no occupational accidents at all during 2014.

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

The Comprehensive Health and Safety Plan 2012-2016 is organised around three themes:
- Organisation: refreshing emergency plans for electricity outages and more stringent monitoring of Key Performance Indicators as regards safety;
- Leadership & People: the Technical Training department and an enhanced safety culture;
- Infrastructure: strict compliance with technical codes in terms of designing and operating facilities and improving HSE plans.

2.2.2 We build and operate safe infrastructure

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

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

Work on building new infrastructure is also carried out under strict safety rules. Fluxys Belgium only uses qualified and SCC-certified contractors (Safety Checklist for Contractors) and requires that excavator and hoisting-device operators, welders and other personnel performing hazardous jobs hold the relevant professional qualifications. Pipelines are laid lower below ground than the statutory minimum depth, and the company also carries out a number of checks under the supervision of a recognised independent inspection body.

Seveso inspections. At its two Seveso sites – the LNG terminal in Zeebrugge and the Loenhout underground storage facility – Fluxys operates a proactive policy as regards wellbeing at work, industrial safety and environmental protection. The Federal Public Service Employment, Labour and Social Dialogue conducts periodic inspections at both sites in conjunction with the Flemish government’s Environment, Nature and Energy department.

In 2014, no inspection was carried out of the LNG terminal in Zeebrugge due to it having performed well in previous inspections and the positive progress made in addressing existing action points. In 2015, the Zeebrugge LNG terminal and the Loenhout storage facility will undergo both follow-up and systematic inspections.

Successful SSC audit. Fluxys Belgium's Project Management, Supervision & Interventions and Cathodic Protection departments play an active role on work sites and have Safety Checklist for Contractors (SCC) certification. Each year the safety system undergoes an interim external audit, with a full recertification audit being conducted every three years. In 2014, the interim audit was completed successfully: in early November 2014, Fluxys Belgium was once again awarded the three-yearly SCC certification**.

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

In the case of larger scale projects, Fluxys Belgium works with external safety coordinators. Project leaders and study engineers who have completed level-B safety coordinator training are authorised to oversee smaller scale projects.

2.2.3 Online portals make it even easier to report works

Anyone wishing to carry out work is required by law to notify the operators of cables and pipelines in the vicinity of such work at the planning stage. Whereas in the past this information had to be requested from the relevant municipalities, for several years now it has been possible for anyone to access it online.

- In Flanders, there are two online portals: the Cable and Pipeline Information Portal (KLIP) and the Federal Cable and Pipeline Information Database (CICC/KLIM). From 1 January 2016, use of the KLIP platform will be mandatory in Flanders. Anyone attempting to report works in Flanders via CICC/KLIM will be redirected.
- In the Brussels-Capital Region, CICC/KLIM is the main portal for requesting cable/pipeline plans. As such, all owners of infrastructure in Brussels must belong to CICC/KLIM and all requests for plans in connection with works in Brussels must be made via CICC/KLIM.
- In Wallonia, CICC/KLIM is becoming the main portal via which to request plans. However, the relevant municipal authorities must still be approached in order for plan requests to be forwarded to those cable and pipeline owners who are not CICC/KLIM members.

CICC/KLIM Plan Library. Since late 2014, Fluxys has also been using the CICC/KLIM Plan Library, a Web application operated by CICC/KLIM providing applicants with an electronic response to a report of works; applicants can thus access responses to plan requests quickly and easily. This system is a significant improvement on the former paper-based one.

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

2.2.4 Fluxys on standby 24/7 to deal with incidents

Always on standby. Staff are on standby 24 hours a day at both Fluxys Belgium headquarters and its regional operating sectors to take immediate action should an incident occur. A crisis unit is also available which can be deployed rapidly in emergency situations.

Emergency plan exercises. Practising emergency plans is one of the ways in which Fluxys aims to further enhance cooperation with the emergency services. Fluxys Belgium holds regular emergency plan exercises on the pipeline network and at its stations. In the case of Seveso sites, as well as some other facilities, the local emergency services are always involved. In 2014 joint exercises with the fire brigade were carried out in Edegem (Boechout), Aalst and Zelzate. These were greatly appreciated by the emergency services as an opportunity to exchange expertise and improve emergency planning.

2.3 Constructive dialogue with our neighbours

2.3.1 Transparent communication during infrastructure projects

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

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

Engaging with the local community right from the planning phase

At the design phase of every new pipeline project, Fluxys communicates with local residents about the project: why the pipeline is needed, the timeline for the project (permit procedures, etc.), the various phases of the work, how the route was determined, who the Fluxys contact person is, the process involved in laying a pipeline and so forth. In the case of large-scale projects, local residents receive an information pack containing a presentation of the project. In addition, an information page on every new pipeline project is set up on the Fluxys website. The municipalities affected are also sent information to publish on their websites or in municipal publications.

From the initial planning of a pipeline route right through to site restoration after a pipeline has been laid, owners and operators of land which is traversed by a pipeline have their own contact person at Fluxys Belgium. In this way they can consult someone who has a thorough knowledge of their concerns and the features and uses of their land.

During the permitting procedures for large-scale infrastructure projects, Fluxys offers municipalities to organise information sessions for local residents. These include:

- An information evening prior to commencement of the first permit procedure: the event is an opportunity for any comments to be factored in at an early stage of the project.
- During the public consultation stage forming part of the various permit-request processes, Fluxys also offers municipalities to arrange another information event for local residents: this may take a number of forms, such as answering people's individual queries in the municipality on a designated day.

Site visits for municipalities

Municipalities and other authorities are invited on site visits and to site meetings whenever a Fluxys Belgium works site is in operation in their area. Such visits and meetings are an opportunity for them to monitor progress on the site more closely, enabling them to provide local residents with accurate information about the works being carried out. In 2014, Fluxys Belgium organised a site visit in connection with the restructuring and replacement of its natural gas infrastructure in the Ghent region.

2.3.2 After construction: continuing stakeholder awareness

Working in the vicinity of Fluxys pipelines

Most gas transmission pipeline incidents are the result of damage to the pipes during work in the area being carried out by third parties. Therefore, anyone wishing to carry out work close to our pipelines has a legal obligation to inform Fluxys in advance. During 2014, a dedicated team handled approximately 56,000 notifications and the management system was also upgraded to enable cases to be dealt with efficiently internally.

Fluxys Belgium is not notified of all works being carried out in the vicinity of its infrastructure and the company conducts regular inspections to identify such works. Fluxys also runs a range of programmes to provide information and raise awareness about how to work safely in the vicinity of its infrastructure. These programmes are aimed at all those involved in such work, e.g. architects, developers, designers, contractors, owners and operators, municipalities, notaries and the emergency services.

Every day, Fluxys Belgium staff attend preliminary meetings to discuss the safety measures required when working in the vicinity of natural gas infrastructure.

Individual information sessions for municipalities, fire brigade and police

Fluxys operates a programme of holding an information meeting with the authorities of each of the municipalities with a Fluxys gas pipeline sited either within the municipality itself or in its immediate vicinity at some stage during their term of office. Provincial information sessions were held following the local elections in October 2012. In 2014, the ongoing programme restarted to visit all municipalities and to discuss the presence of pipelines within their area. When organising information sessions, Fluxys always suggests that representatives from the local fire brigade and police force attend as well. In addition, Fluxys always follows up requests from municipalities, fire brigades or police forces to organise individual information meetings.

Distribution of pipeline maps

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

Database for fire brigades. As a member of the Federation of Belgian Pipeline Companies (Fetrapi), Fluxys Belgium has its pipeline data incorporated into a continuously updated database. In collaboration with the Crisis Centre and Civil Security DGs within the Federal Public Service Home Affairs, the database has been made available online to fire brigades.

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

Reminding owners and operators of Fluxys infrastructure in their area

Fluxys Belgium runs an ongoing programme in which it contacts around 75,000 landowners and operators, at least once every six years, to remind them that an underground Fluxys Belgium gas pipeline passes through or close to their land. The aim of this mailshot is to remind recipients of the restrictions which apply to activities in the vicinity of underground pipelines.

2.4 An environmental policy based on responsibility

2.4.1 Core principle: systematically reducing further our already minimal environmental impact

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

2.4.2 Lower emissions, better air quality

Kyoto sites

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

On 23 October 2014, EU leaders agreed to reduce CO_2 emissions in the European Union by at least 40% by 2020 compared with 1990 levels. If this goal is to be achieved, companies within the European Union Emissions Trading System (EU ETS) will need to reduce their emissions by 43% compared with 2005 levels. The allocation of free CO_2 emission allowances has been restricted and adjusted according to activity level.

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

- In accordance with the EU Directive, Fluxys Belgium holds CO_2 emission rights for each of its Kyoto sites.
- As per the Directive, Fluxys Belgium applies monitoring protocols to its Kyoto sites. Monitoring protocols are sets of procedures used to monitor daily emissions of CO_2 and to report them by type of consumption. Every year, all of the procedures undergo an internal audit for each site concerned. The internal audit conducted in 2014 did not identify any non-conformities.
- In line with the Directive, Fluxys Belgium also prepares an annual emissions report for each Kyoto site. These reports are then audited externally. The conclusions of this external audit were also positive in 2014.

Towards 100% carbon-neutral gas supply in 2050

In April 2014, Gaznat (Switzerland) joined forces with the gas infrastructure companies Fluxys, Energinet.dk (Denmark), Gasunie (the Netherlands), GRTgaz (France) and Swedegas (Sweden) to work proactively towards achieving carbon-neutral gas supplies by 2050. Gaznat officially joined the five other companies at the annual Flame conference in Amsterdam.

This commitment demonstrates the six companies' desire to play an active role in combating climate change. To reach their shared goal, they are working closely together in a number of working groups focussing on issues such as biomethane and green energy certificates, natural gas (CNG and LNG) as a fuel for road and sea transport, and power-to-gas technologies. Other operators are welcome to join this initiative to promote the development of a sustainable gas sector.

Through the initiatives which Fluxys Belgium has initiated or supports, considerable progress has already been made in Belgium. The building of the Open Rack Vaporizer (which warms LNG using heat from seawater) at the LNG terminal in Zeebrugge in 2014 has reduced CO_2 emissions by almost 23,000 tonnes, for example. At its compressor stations, meanwhile, replacing gas turbines with electrical motors has resulted in an immediate reduction in CO_2 emissions of over 7,000 tonnes. In addition, CO_2 emissions generated by the haulier Eric Mattheeuws have dropped by some 50 tonnes since the firm introduced a fleet of LNG-powered vehicles in September 2014. Finally, carbon emissions from private vehicles also declined in 2014 thanks to approximately 2,000 cars in Belgium now being powered by CNG.

Air emission measurements

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

Fluxys Belgium mainly uses natural gas to operate its transmission infrastructure. The combustion of natural gas produces nitrogen oxides (NO_x) and carbon dioxide (CO_2), and interventions on the facilities within the transmission system can also cause small emissions of methane (CH_4).

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

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

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

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

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

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

To that end, a programme was launched in 2010 to permanently decommission 520 kilometres of disused pipeline. A total of 409 kilometres had been completed by the end of 2014. Where necessary, the pipelines were first cleaned. Where the disused pipes were located beneath roads, they were filled with a hardened substance to prevent subsidence.

2.4.5 Noise: efforts are paying off

Fluxys Belgium already fits silencing technology in new above-ground installations, and is gradually fitting it in existing ones, too. For example, in 2014 noise-reduction works were carried out at the compressor stations at Weelde and Winksele.

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

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

Environmental impact assessments. In 2014, the environmental impact assessment procedure for the new pipeline between Tessenderlo and Diest was completed.

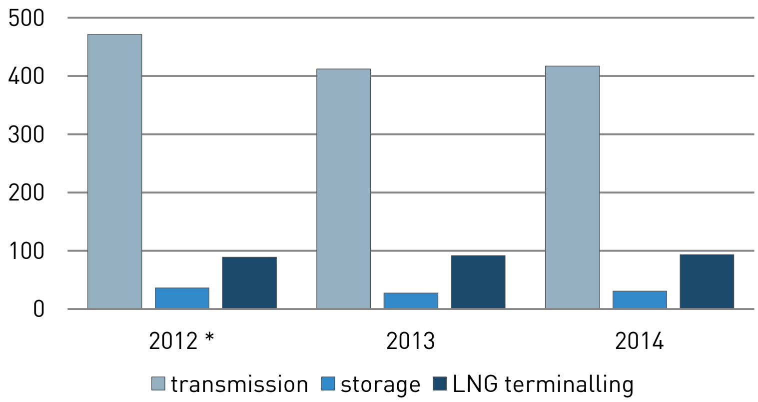
Promoting nature. When laying a new pipeline, Fluxys Belgium always takes care to ensure that the environment is disturbed as little as possible and that nature can be restored to the area once the works have been completed. Wherever possible, Fluxys Belgium also invests in compensatory measures to benefit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

03

KEY FIGURES FOR 2014 (in € million)

Operating revenue	**554.9**
Profit from continuing operations (EBIT)	**146.2**
Profit for the period	**60.4**
Equity	**749.5**
Financial debts	**1,473.4**
Cash (including short-term investments)	**652.2**
RAB (calculation basis for the authorised profit from regulated activities)	**2,917.6**

CHANGE IN OPERATING REVENUE (in € million)



* The operating revenue for 2012 includes the sale of the gas required to keep the grid balanced.

Stable turnover

In 2014, profit from regulated activities was slightly higher than in 2013, due to a small increase in the amount of transmission capacity sold. Despite the difficult market context for natural gas storage, Fluxys managed to sell all its available storage capacity for 2014. Turnover from terminalling services remained stable compared to 2013.

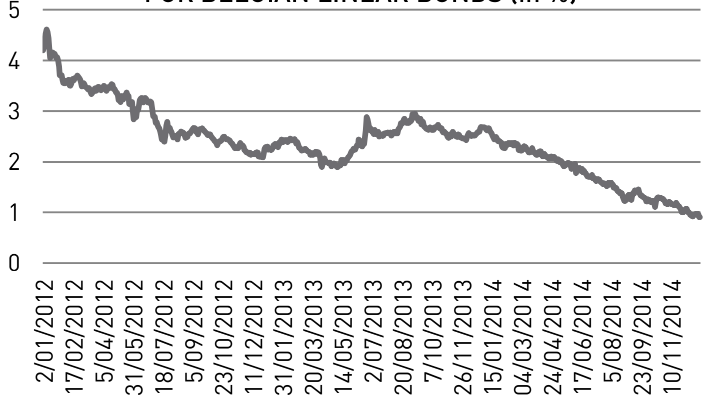
Fluxys Belgium successfully completed a private placement of bonds: the company secured €350 million from over 40 **investors** in 7 **countries**. Overall market interest totalled more than €700 million, which demonstrates institutional investors' confidence in Fluxys Belgium's creditworthiness and the key role of the Belgian natural gas grid as a crossroads in North-West Europe.

€ 350
million

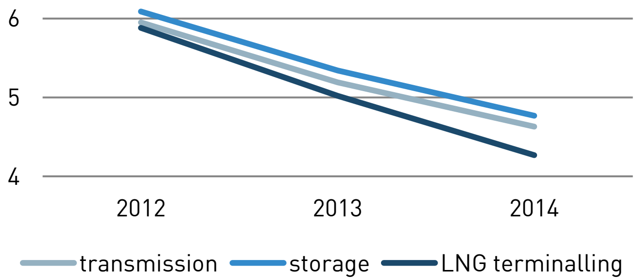
FINANCIAL SITUATION

€ 10.7 million
drop in net profit compared to 2013: primarily a result of the trend in the interest rate for Belgian linear bonds

NOTIONAL CHANGE IN INTEREST RATE FOR BELGIAN LINEAR BONDS (in %)

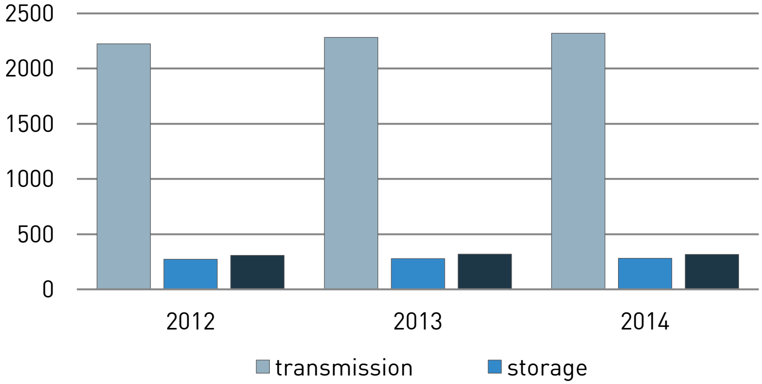


CHANGE IN WACC (in %)



The evolution of the OLO interest rates has an immediate impact on the return that is allowed in the regulated framework on the capital invested. As such it has an impact on the weighted average cost of capital (WACC). The decrease of the OLO rates translates into a similar movement in the WACC, as shown by the graph. The value of the regulated asset base (RAB), which is the basis of the WACC calculation, has risen slightly over the past three years.

CHANGE IN RAB (in € million)



Financial situation: contents

3.1. Key information 2014

3.1.1. Introduction

General development of the results

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

REMARKABLE FACT > HISTORICALLY LOW RATES OF INTEREST AFFECT AUTHORISED RETURN AND RESULT

Despite favorable sales results, net result amounted in 2014 to €60.4 million, compared with €68.6 million in 2013. This decrease with €8.2 million is notably caused by the reduction in regulated return resulting from the low rate for linear bonds (OLOs): this resulted in a drop of €10.7 million in the regulated net profit, with all other aspects remaining unchanged. This impact is partly offset by the favorable impact of efficiency gains and the reduced impact of tariff decisions relating to previous fiscal years.

Succesful private bond placement

Fluxys Belgium secured €350 million from over 40 investors in seven countries. Total market appetite reached over €700 million, which confirms the confidence of institutional fixed income investors in Fluxys Belgium's credit risk and the key role of the Belgian natural gas grid as crossroads for Northwestern Europe.

Presentation of the financial statements

The presentation of the group’s financial statements has been changed to include the net balancing operations and the gas purchases and sales related to our operating needs on the separate items of the operating result. These operating revenues and charges can vary significantly from one fiscal year to another, based on the use of the network, without however having a significant impact on the group’s net result. The new presentation improves the understanding of the evolution of turnover and operating charges.

Furthermore, long-term investments in bonds or commercial paper (€33.3 million) have been reclassified in the comparative period 2013, from the item ‘short-term investments’ to the item ‘other non-current financial assets’ to better reflect their maturity. A corresponding reclassification has been carried out in the consolidated table of cash flows.

3.1.2. Fluxys Belgium group – 2014 financial statements (IFRS)

Consolidated income statement

Consolidated income statement	31-12-2014	In thousands of € 31-12-2013 restated
Operating revenue	554,957	548,049
Sales of gas related to balancing of operations and operational needs	40,393	72,025
Other operating income	17,873	21,380
Consumables, merchandise and supplies used	-4,232	-2,801
Purchases of gas related to balancing of operations and operational needs	-40,395	-72,027
Miscellaneous goods and services	-138,555	-152,179
Employee expenses	-117,428	-125,341
Other operating charges	-20,190	-9,882
Net depreciation and amortisation	-147,266	-142,220
Net provisions	3,030	19,732
Impairment losses	-1,902	-1,535
Profit from continuing operations	**146,285**	**155,201**
Change in the fair value of financial instruments	269	1,146
Financial income	3,194	2,385
Financial expenses	-57,884	-53,326
Profit/loss from continuing operations after net financial result	**91,864**	**105,406**
Income tax expenses	-31,427	-36,788
Net profit for the period	**60,437**	**68,618**
Fluxys Belgium share	60,437	68,618
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company's shareholders in €	0.8601	0.9766
Diluted earnings per share attributable to the parent company's shareholders in €	0.8601	0.9766

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	In thousands of €	
	31-12-2014	31-12-2013
Net profit for the period	**60,437**	**68,618**
Items that will not be reclassified subsequently in the income statement		
Actuarial gains/losses on provisions for employee benefits	-13,691	9,989
Income tax expense on other comprehensive income	4,654	-3,395
Other comprehensive income	**-9,037**	**6,594**
Comprehensive income for the period	**51,400**	**75,212**
Fluxys Belgium share	51,400	75,212
Non-controlling interests	0	0

Operating revenue. Operating revenue for 2014 was €554,957 thousand, compared with €548,049 thousand in 2013, being an increase of €6,908 thousand.

- Revenue from regulated activities was €540.8 million (being 97.4% of the total amount), representing an increase of €10.3 million compared with the previous fiscal year.
  This increase is explained by a slight increase in transport capacity sold, due to the favorable impact of efficiency gains impacting the regulatory accounts and the reduced impact of tariff decisions relating to previous fiscal years. New long-term contracts entered into force at the end of 2013 for border-to-border transport on the North/South axis, which has resulted in additional capacity sales for 2014. At the same time, the sale of short-term capacity fell for border-to-border transport.
  In the context of a difficult storage market, Fluxys Belgium managed to sell all its storage capacity in 2014.
  An exceptional situation occurred in 2014: the price difference between summer 2014 and winter 2014-2015 rose above the level of the storage costs, making it interesting to reserve storage.
  Terminalling services generated a turnover slightly lower than the previous fiscal year. With 34 unloadings and 19 loadings, the Zeebrugge LNG Terminal registered a favorable usage rate compared with other terminals in Northwest Europe.
- Other operating income amounted to €14.2 million (being 2.6% of the total amount), being a decrease of €3.4 million, compared with 2013.

Profit from continuing operations. In 2014 profit from continuing operations amounted to €146.3 million, compared with €155.2 million in 2013. This decrease with €8.9 million is notably caused by the reduction in regulated return resulting from the low rate for linear bonds (OLOs) (- €16.2 million before taxes). This impact is partly offset by the favorable impact of efficiency gains and the reduced impact of tariff decisions relating to previous fiscal years.

Net financial results. Net financial results have decreased with €4.6 million compared with the previous fiscal year. This decrease is primarily related to the decrease of the rates used to discount employee benefits (IAS 19).

Consolidated balance sheet

Consolidated balance sheet assets		In thousands of €
	31-12-2014	31-12-2013 restated
I. Non-current assets	**2,391,714**	**2,483,128**
Property, plant and equipment	2,293,712	2,377,315
Intangible assets	11,940	16,174
Other financial assets	44,523	33,455
Finance lease receivables	16,641	19,975
Loans and receivables	8,009	18,098
Other non-current assets	16,889	18,111
II. Current assets	**795,224**	**375,127**
Inventories	29,848	46,741
Finance lease receivables	3,334	2,874
Current tax receivable	1,305	1,064
Trade and other receivables	93,832	66,303
Short-term investments	411,271	110,398
Cash and cash equivalents	240,937	130,758
Other current assets	14,697	16,989
Total assets	**3,186,938**	**2,858,255**

Non-current assets. The investments made in 2014 (€94.4 million) were less than the depreciation (€140.5 million) and subsidies granted during the period, explaining the decrease in property, plant and equipment. These investments were primarily in the construction of the second jetty at the Zeebrugge LNG Terminal (€24.6 million), the restructuring of the network in Ghent, the Winksele compressor station and the start of the works at the pipeline Alveringem-Maldegem.

Current assets. The temporarily increased level of the group's investments and cash at the end of December 2014 is due to the issue of a private debenture (see note on interest-bearing liabilities) for a nominal amount of €350 million.

Consolidated balance sheet equity and liabilities	In thousands of €	
	31-12-2014	**31-12-2013 restated**
I. Equity	**749,504**	**790,852**
Equity attributable to the parent company's shareholders	749,504	790,852
Share capital and share premiums	*60,310*	*60,310*
Retained earnings and other reserves	*689,194*	*730,542*
Non-controlling interests	0	0
II. Non-current liabilities	**1,864,139**	**1,899,978**
Interest-bearing borrowings	1,476,421	1,503,758
Provisions	2,889	4,316
Provisions for employee benefits	66,823	50,130
Other non-current financial liabilities	0	122
Deferred tax liabilities	318,006	341,652
III. Current liabilities	**573,295**	**167,425**
Interest-bearing borrowings	479,794	84,326
Provisions	7,945	8,009
Provisions for employee benefits	4,046	3,503
Current tax payables	5,567	7,423
Trade and other payables	74,378	62,494
Other current liabilities	1,565	1,670
Total liabilities and equity	**3,186,938**	**2,858,255**

Interest-bearing liabilities. To refinance the debenture expiring in 2015, Fluxys Belgium succesfully made a private placement of bonds at the end of November 2014, for a total nominal amount of €350 millon. This private placement is split up in two instalments:

- an instalment of €250 million with a term of 15 years with a price fixed at 2.802% and expiring in November 2029 and
- an instalment of €100 million with a term of 20 years with a price fixed at 3.29% and expiring in November 2034.

Summary statement of changes in equity

The decrease in equity is due to the payment of the dividend for the preceding year, of which the amount is higher than the comprehensive income for the period:

Summary statement of changes in equity			In thousands of €
	Equity attributable to the parent entity's shareholders	Non-controlling interests	Total equity
CLOSING BALANCE AS AT 31-12-2013	**790,852**	**0**	**790,852**
1. Comprehensive income for the period	51,400	0	51,400
2. Dividends paid	-92,748	0	-92,748
CLOSING BALANCE AS AT 31-12-2014	**749,504**	**0**	**749,504**

Summary consolidated cash flow statements

Summary consolidated cash flow statements		In thousands of €
	31-12-2014	31-12-2013 restated
Cash at the start of the period *	**241,156**	**223,797**
Cash flows from operating activities (1)	274,031	146,564
Cash flows from investing activities (2)	-99,645	-19,833
Cash flows from financing activities (3)	236,666	-109,372
Net increase/decrease in cash	**411,052**	**17,359**
Cash at the end of the period *	**652,208**	**241,156**

(1) Cash flows from operating activities also include changes in the working capital requirement.
(2) This sum takes into account disposals carried out, in particular the sale of the company Fluxys & Co for €70 million in 2013.
(3) These cash flows include the available reserves and dividends paid out. In 2014, these cash flows also include the issue of a private debenture for a nominal amount of €350 million.

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

Indicators

Indicators	2014	2013 restated
RAB (in million €)		
Transmission	2,318.4	2,282.7
Storage	281.4	280.8
LNG terminalling	317.8	319.2
WACC before taxes (in %)		
Transmission	4.63	5.19
Storage	4.77	5.34
LNG terminalling	4.27	5.02
EBIT (in million €)	146.3	155.2
Net financial debt (in million €)	1,251.6	1,295.5
ROCE (in %)	4.54	4.92

EBIT: earnings before interest and taxes
ROCE: after-tax operating income divided by capital employed

3.1.3. Fluxys Belgium SA – 2014 results (Belgian GAAP): proposed allocation of profit

Fluxys Belgium SA's net profit was €47.8 million, compared with €55.7 million in 2013.

The decrease of net profit as compared with the previous fiscal year is caused essentially by the same reasons as the decrease of the consolidated profit, being notably the low interest rates (OLOs), which negatively affected the regulated return.

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

Factoring in a profit of €45.1 million carried over from the previous year and withdrawal from reserves of €40.7 million, the Board of Directors will propose to the Annual General Meeting to allocate profits as follows:

- €84.3 million as a dividend pay-out,
- €9.7 million as reserves not available for distribution,
- €39.6 million as profit to be carried forward.

If the proposed allocation of profits is accepted, the total gross dividend per share for 2014 will be €1.20 (€0.90 net). That amount will be payable as from 19 May 2015.

3.1.4. Outlook for 2015

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

3.1.5. Activities and results of subsidiaries

Fluxys LNG SA (consolidated subsidiary –Fluxys Belgium stake 99.99% and Flux Re stake 0.01%). Fluxys LNG owns and operates the LNG terminal in Zeebrugge and sells terminalling capacity and related services. Fluxys LNG's equity was €209.4 million at 31 December 2014, compared with €216.8 million the previous year. The net profit for financial year 2014 was €14.4 million, compared with €13.9 million in 2013.

Flux Re (consolidated subsidiary –Fluxys Belgium stake 100%)
Flux Re is a reinsurance company established under Luxembourg law in October 2007. Flux Re's equity was €4.8 million at 31 December 2014, unchanged from 2013.

Prisma (non-consolidated company – Fluxys Belgium stake 9.73%). Prisma is the shared capacity platform by 32 transmission system operators and implements the capacity allocation rules set out in the European network code.

3.2. Consolidated financial statements under IFRS

I. General information on the entity

Corporate name and registered office

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

Group activities

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

The transmission, storage and LNG terminalling services in Belgium are subject to the Gas Act [1].

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

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

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

A. Consolidated balance sheet

Consolidated balance sheet			In thousands of €
	Notes	31-12-2014	31-12-2013 R*
I. Non-current assets		**2,391,714**	**2,483,128**
Property, plant and equipment	12	2,293,712	2,377,315
Intangible assets	13	11,940	16,174
Other financial assets	16/33	44,523	33,455
Finance lease receivables	17/33	16,641	19,975
Loans and receivables	18/33	8,009	18,098
Other non-current assets	27	16,889	18,111
II. Current assets		**795,224**	**375,127**
Inventories	19	29,848	46,741
Finance lease receivables	17/33	3,334	2,874
Current tax receivable	20	1,305	1,064
Trade and other receivables	21/33	93,832	66,303
Short-term investments	22/33	411,271	110,398
Cash and cash equivalents	22/33	240,937	130,758
Other current assets	23	14,697	16,989
Total assets		**3,186,938**	**2,858,255**

* See Note 1.d. for more details on the reclassification of comparative figures.

Consolidated balance sheet			In thousands of €
	Notes	31-12-2014	31-12-2013
I. Equity	24	**749,504**	**790,852**
Equity attributable to the parent company's shareholders		749,504	790,852
Share capital and share premiums		60,310	60,310
Reserves not available for distribution		28,779	18,828
Other reserves		-11,189	-2,152
Retained earnings		671,604	713,866
Non-controlling interests		0	0
II. Non-current liabilities		**1,864,139**	**1,899,978**
Interest-bearing borrowings	25/33	1,476,421	1,503,758
Provisions	26	2,889	4,316
Provisions for employee benefits	27	66,823	50,130
Other non-current financial liabilities	33	0	122
Deferred tax liabilities	28	318,006	341,652
III. Current liabilities		**573,295**	**167,425**
Interest-bearing borrowings	25/33	479,794	84,326
Provisions	26	7,945	8,009
Provisions for employee benefits	27	4,046	3,503
Current tax payable	29	5,567	7,423
Trade and other payables	30/33	74,378	62,494
Other current liabilities	31	1,565	1,670
Total liabilities and equity		**3,186,938**	**2,858,255**

B. Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2014	31-12-2013 R*
Operating revenue *	4	554,957	548,049
Sales of gas related to balancing of operations and operational needs *	1d	40,393	72,025
Other operating income	5	17,873	21,380
Consumables, merchandise and supplies used *	6	-4,232	-2,801
Purchases of gas related to balancing of operations and operational needs *	1d	-40,395	-72,027
Miscellaneous goods and services *	6	-138,555	-152,179
Employee expenses	6	-117,428	-125,341
Other operating charges	6	-20,190	-9,882
Net depreciation and amortisation	6	-147,266	-142,220
Net provisions	6	3,030	19,732
Impairment losses	6	-1,902	-1,535
Profit from continuing operations		**146,285**	**155,201**
Change in the fair value of financial instruments	8	269	1,146
Financial income	7	3,194	2,385
Financial expenses	8	-57,884	-53,326
Profit/loss from continuing operations after net financial result		**91,864**	**105,406**
Income tax expenses	9	-31,427	-36,788
Net profit for the period	10	**60,437**	**68,618**
Fluxys Belgium share		60,437	68,618
Non-controlling interests		0	0
Basic earnings per share attributable to the parent company's shareholders in €	11	0.8601	0,9766
Diluted earnings per share attributable to the parent company's shareholders in €	11	0.8601	0.9766

* See Note 1.d. for more details on the reclassification of comparative figures.

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	31-12-2014	31-12-2013
Net profit for the period	10	**60,437**	**68,618**
Items that will not be reclassified subsequently in the income statement			
Actuarial gains/losses on provisions for employee benefits	26	-13,691	9,989
Income tax expense on other comprehensive income		4,654	-3,395
Other comprehensive income		**-9,037**	**6,594**
Comprehensive income for the period		**51,400**	**75,212**
Fluxys Belgium share		51,400	75,212
Non-controlling interests		0	0

D. Consolidated statement of changes in equity

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

Consolidated statement of changes in equity								In thousands of €
	Share capital	Share premium	Reserves not available for distribu-tion	Employe e benefits reserves	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
III. CLOSING BALANCE AS AT 31-12-2013	60,272	38	18,828	-2,152	713,866	790,852	0	790,852
1. Comprehensive income for the period			9,951	-9,037	50,486	51,400	0	51,400
2. Dividends paid					-92,748	-92,748		-92,748
3. Other changes						0		0
IV. CLOSING BALANCE AS AT 31-12-2014	60,272	38	28,779	-11,189	671,604	749,504	0	749,504

E. Consolidated statement of cash flows

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2014	31-12-2013 R*
I. Cash and cash equivalents, beginning balance	**130,758**	**213,480**
II. Net cash flows relating to operating activities	**274,031**	**146,564**
1. Cash flows from operating activities	**324,702**	**200,858**
1.1. Profit from operations	146,285	155,201
1.2. Non cash adjustments	155,341	121,011
1.2.1. Amortisation and depreciation	147,266	142,220
1.2.2. Provisions	-3,030	-19,732
1.2.3. Impairment losses	1,902	1,535
1.2.4. Translation adjustments	0	0
1.2.5. Other non cash adjustments[2]	9,203	-3,012
1.3. Changes in working capital	23,076	-75,354
1.3.1. Inventories	16,893	4,467
1.3.2. Tax receivable	-241	0
1.3.3. Trade and other receivables	-7,429	-15,788
1.3.4. Other current assets	2,696	-10,703
1.3.5. Tax payable	1,280	-39,826
1.3.6. Trade and other payables	11,884	-11,418
1.3.7. Other current liabilities	-105	-551
1.3.8. Other changes in working capital	-1,902	-1,535
2. Cash flows relating to other operating activities	**-50,671**	**-54,294**
2.1. Current tax	-53,555	-56,419
2.2. Interest from marketable securities, cash and cash equivalents	2,991	2,179
2.3. Other inflows (outflows) relating to other operating activities	-107	-54
III. Net cash flows relating to investing activities	**-99,645**	**-19,833**
1. Acquisitions	**-108,060**	**-108,161**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-96,971	-108,140
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	0
1.3. Payments to acquire other financial assets	-11,089	-21

* See Note 1.d. for more details on the reclassification of comparative figures.

[2] Impact of realized divestitures (see Note 6.4).

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2014	31-12-2013 R*
2. Disposals	**5,828**	**87,771**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	5,807	9,019
2.2. Proceeds from disposal of subsidiaries, partnerships or associates	0	70,000
2.3. Proceeds from disposal of other financial assets *	21	8,752
3. Dividends received classified as investing activities	**8**	**0**
4. Government grants received	**2,579**	**557**
5. Other cash flows relating to investing activities	**0**	**0**
IV. Net cash flows relating to financing activities	**-64,207**	**-209,453**
1. Proceeds from cash flows from financing	**444,244**	**126,869**
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	2,874	2,454
1.4. Proceeds from other non-current assets	10,089	14,143
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	431,281	110,272
2. Repayments relating to cash flows from financing	**-63,846**	**-71,197**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-14,167	-13,818
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-49,679	-57,379
3. Interest	**-50,984**	**-52,622**
3.1. Interest paid classified as financing	-51,166	-52,807
3.2. Interest received classified as financing	182	185
4. Dividends paid	**-92,748**	**-112,422**
5. Increase (-) / Decrease (+) of short-term investments *	**-300,873**	**-100,081**
6. Bank overdrafts increased (decreased)		
7. Other cash flows relating to financing activities		
V. Net change in cash and cash equivalents	**110,179**	**-82,722**
VI. Cash and cash equivalents, ending balance	**240,937**	**130,758**

* See Note 1.d. for more details on the reclassification of comparative figures.

III. Notes

Note 1a. Statement of compliance with IFRS

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

Note 1b. Judgment and use of estimates

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

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

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

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

Note 1c. Date of authorisation for issue

The Board of Directors of Fluxys Belgium SA authorised these IFRS financial statements for issue on 25 March 2015.

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

Change of the presentation of the consolidated financial statements:

The presentation of the group's financial statements has been changed to include the net balancing operations and the gas purchases and sales related to our operating needs on the separate items of the operating result. These operating revenues and charges can vary significantly from one fiscal year to another, based on the use of the network, without however having a significant impact on the group's net result. The new presentation improves the understanding of the evolution of turnover and operating charges.

Long-term investments have been reclassified for a total amount of €33,340 thousand, in the comparative period, from the item 'short-term investments' to the item 'other non-current financial assets' to better reflect their maturity.

A corresponding reclassification has been carried out in the consolidated table of cash flows of the year 2013 to present the movement of €4,884 thousand of other non-current financial assets in the net cash flows relating to investment activities instead of net cash flows relating to financing activities. This amendment does not impact the total assets, total equity and liabilities and the group's results.

Other changes or additions to the accounting principles and policies.

Other accounting policies have been amended or supplemented to make them in accordance with the new IFRS applicable as from 2014. These amendments or supplements do not impact the group's results.

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

Following standards and interpretations are applicable as from 1 January 2014:

- IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11: Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12: Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- IAS 27: Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- IAS 28: Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 Consolidated Financial Statements, Disclosure of interests in Other Entities – Investment Entities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)

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

- IFRS 9: Financial Instruments and consequential amendments (effective for annual periods beginning on or after 1 January 2018, but not yet adopted at European level)
- IFRS 14: Regulatory deferral accounts (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- IFRS 15: Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2017, but not yet adopted at European level)
- IFRS improvements (2010-2012) (effective for annual periods beginning on or after 1 January 2015)

- IFRS improvements (2011-2013) (effective for annual periods beginning on or after 1 January 2015)
- IFRS improvements (2012-2014) (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IFRS 11 – Joint arrangements - Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure initiative (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IAS 16 and IAS 38 – Property, plant and equipment and intangible assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IAS 16 and IAS 41 – Property, plant and equipment and Agriculture – Agriculture: bearer plants (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- Amendments to IAS 19 – Employee Benefits – Employee Contributions (effective for annual periods beginning on or after 1 february 2015)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016, but not yet adopted at European level)
- IFRIC 21 – Levies (effective for annual periods beginning on or after 17 June 2014)

The possible impact of IFRS 9 and IFRS 15 on the financial statements is currently examined by the group.

Note 2. Accounting principles and policies

The accounting principles and policies set out below were approved at the Fluxys Belgium Board of Directors meeting of 25 March 2015.

Changes or additions compared with the previous fiscal year are underlined.

2.1. General principles

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

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

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

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

The accounting policies have been applied in a consistent manner.

2.2. Balance sheet date

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

When the financial statements of a subsidiary, a joint operation, a joint venture or an associate are not prepared as of 31 December, interim financial statements are prepared as at 31 December for consolidation purposes.

2.3. Events after the balance sheet date

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

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

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

2.4. Basis of consolidation

The Fluxys Belgium group's consolidated financial statements have been prepared in accordance with IFRS, in particular IFRS 3 (Business Combinations), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries

The Fluxys Belgium group's consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities it controls and its subsidiaries.

The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investor has power over the investee when he holds existing rights that give the current ability to direct the relevant activities, being the activities of the investee that significantly affect the investee's returns and this even he does not hold the majority of the voting rights in the concerned investee.

The parent entity must consolidate the subsidiary as from the date it obtains the control over it, and must cease to consolidate when it loses control over it. In this way revenues and charges of a subsidiary acquired or transferred in the course of the fiscal year are included in the consolidated income statement and in the consolidated statement of comprehensive income as from the date on which the parent entity acquired the control over the subsidiary and up to the date on which it ceased to control the latter.

Joint operations

A joint operation is a joint arrangement in which the parties who exercise a joint control over the undertaking have rights to the assets and obligations for the liabilities of the undertaking. Joint control means the sharing agreed by contract of the control exercised over an undertaking, which only exist in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

When a group entity carries out its activities in the framework of a joint operation, the group, as a co-participant, must account for the assets, liabilities, revenues and charges relating to its interests in the joint operation in accordance with IFRS which are applicable to its assets, liabilities, revenues and charges.

Investments in associates and joint ventures

An associate is an entity in which the group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over these policies.

A joint venture is a joint arrangement in which the parties exercising a joint control over the undertaking have rights to the net assets of the undertaking. Joint control means the sharing agreed by contract of the control exercised over an undertaking, which only exist in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

The results and assets and liabilities of associates or joint ventures are accounted for in the present financial statements consolidated in accordance with the equity method, unless the investment, or a part thereof, is classified as held in view of the sale in accordance with IFRS 5.

An investment in an associate or joint venture is initially accounted for at cost. It then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally dividends distributed by this entity decreas the value of the investment.

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

2.5. Business combinations

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

The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The costs connected to the acquisition are accounted for in the results when they are made.

Goodwill represents the excess, at the acquisition date, of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree over the net fair value of identifiable assets acquired and liabilities assumed. If, after revaluation, the net fair value, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree, the excess will be accounted for immediately in the results of the period.

Goodwill is recognised as an asset. For the purpose of impairment tests, goodwill is allocated to the Group's cash-generating units expected to benefit from the synergies of the combination. An impairment test is carried out each year, even when there is no indication that goodwill may have been impaired, or more frequently if events or changes in circumstances indicate that goodwill may have been impaired (IAS 36 – Impairment of assets).

2.6. Translation of foreign entities' financial statements

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

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

2.7. Intangible assets

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

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

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

Computer software is amortised at 20% per annum.

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

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

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

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

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

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

Emission rights for greenhouse gases

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

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

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

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

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

2.8. Property, plant and equipment

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

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

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

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

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

Capital subsidies and tax deductions for investment

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

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

Depreciation methods

PPE is depreciated over its useful life.

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

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

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

The main useful lives are as follows:

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

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

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

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

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

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

2.10. Finance lease receivables

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

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

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

2.11. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.

Inventories are written down to account for:

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

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

Gas inventory

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

Supplies and consumables

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

Work in progress

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

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

2.12. Borrowing costs

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

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

2.13. Financial instruments

Investments

Investments in the form of bonds or commercial paper having a maturity date exceeding three months at their acquisition date are reported as financial assets at fair value with changes to the income statement. These are shown in the balance sheet under non-current ‘other financial assets’ and under current ‘investments’. Changes in the fair value of these financial assets are directly recognised in the income statement.

The other investments are valued at amortised cost.

Derivative instruments not designated as hedging instruments

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

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

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

2.14. Cash and cash equivalents

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

Cash equivalents held in the form of bonds or commercial paper are reported as financial assets at fair value with changes to the income statement. Changes in the fair value of these financial assets are directly recognised in the income statement.

Cash and other cash equivalents are valued at amortised cost.

2.15. Trade and other receivables

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

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

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

2.16. Provisions

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

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

No provision is recognized if the above conditions are not met

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

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

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

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

Provisions for pension benefits and other collective agreements

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

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

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

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

Other employee benefits

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and tariff reductions, and other long-term benefits (seniority premiums).

Valuation

These commitments are valued annually by a qualified actuary.

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

‘Defined benefit’ pension plans

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

Actuarial gains and losses relating to other employment employee benefits

Actuarial gains and losses arising on the measurement of the unfunded defined benefit obligation are recognised as provisions without going through the income statement but directly impacting equity.

Actuarial gains and losses recorded on the estimated unfunded obligations related to long-term employee benefits are recognised in provisions through the financial result.

‘Defined contribution’ pension plans

The accounting method used by the group to value the liabilities related to ‘defined contribution’ plans corresponds to the intrinsic value method. In Belgium, this method is to calculate, for each member individually, the guaranteed minimum reserves (based on an annual return of 3.25% on employer’s contributions and 3.75% on employees’ contributions) and accumulated contributions based on the effective yield on the closing date of the financial statements.

A deficit occurs when guaranteed minimum reserves exceed the accumulated contributions based on the effective yield on the closing date. Any deficit resulting from this valuation is subject to the recognition of a provision to cover this risk.

The group does not use a same accounting treatment for ‘defined contribution pension plans, with a guaranteed minimum return’, like the one used for ‘defined benefit’ pension plans and this for the following reasons:

- A strict application of the projected unit credit method (PUCM - *Projected Unit Credit Method*) as provided by IAS 19 would involve using a hypothesis about the evolution of future contributions to the guaranteed rate to achieve the best estimate of projected liabilities. It is difficult to retain a hypothesis at this level taking into account the uncertainty of the future evolution of the guaranteed minimum rate of return applicable in Belgium and consistency to keep up with the discount rates used elsewhere.
- The use of the PUCM method requires that the benefits granted may be determined on a projected basis. But the group's commitment in terms of ‘defined contribution’ pension plans is the maximum between, on the one hand, the guaranteed minimum reserves and on the other hand, the accumulated contributions based on the effective yield on the closing date.

The group therefore uses a retrospective approach by which the net commitments under these ‘defined contribution’ pension plans are valued on the basis of the intrinsic value method.

2.17. Interest-bearing liabilities

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

2.18. Trade payables

Trade payables are stated at nominal value.

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

2.19. Foreign currency assets, rights, borrowings and commitments

Recognition at the date of the transaction

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

Measurement at balance sheet date

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

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

2.20. Revenue recognition

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

Regulated revenues received by the group may generate a gain or a loss compared with the target rate of return on the capital invested. Gains are recognised as regulatory liabilities (under interest-bearing liabilities, current or non-current) in the balance sheet, whereas losses are deferred as regulatory assets (under non-current loans and receivables or under current trade and other receivables) in the balance sheet.

2.21. Income taxes

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

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

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

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

Note 3. Acquisitions, disposals and restructuring

Consolidation scope

The consolidation scope and percentage interests in consolidated entities remained identical to the preceding financial year.

Information on investments

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

Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- The right to oppose to all transfers,any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy.
- The right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategic Committee of Fluxys Belgium;

- The right of the representatives of the federal government, within four business days, to appeal at the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors or any advice of the strategic Committee of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the energy policy of the country, including the government's objectives concerning the country's energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not canceled the decision concerned within eight business days after this appeal, it becomes final.
- A special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

There are no other significant restrictions that may limit the ability of the group to access or use its assets and discharge its liabilities. However it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re amount to €161.8million on 31 December 2014 compared with €153.5 million on 31 December 2013.

Note 4. Operating revenue

Analysis of revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2014	31-12-2013 restated	Change
Transmission in Belgium	4.1	416,718	411,555	5,163
Storage in Belgium	4.1	30,777	27,445	3,332
Terminalling in Belgium	4.1	93,297	91,436	1,861
Other revenue	4.2	14,165	17,613	-3,448
Total		**554,957**	**548,049**	**6,908**

Operating revenue in the fiscal year 2014 amounted to €554,957 thousand, compared with €548,049 thousand in the fiscal year 2013, an increase of €6,908 thousand.

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

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

4.1. Revenue from transmission activities rose by €5,163 thousand compared with the previous fiscal year. This increase is explained by a slight increase in transport capacity sold, due to the favorable impact of efficiency gains impacting the regulatory accounts and the reduced impact of tariff decisions relating to previous fiscal years, effects on regulatory accounts partially offset by lower interest rates and therefore the allowed regulated margin. New long-term contracts entered into force at the end of 2013 for border-to-border transport on the North/South axis, which has resulted in additional capacity sales for 2014. At the same time, the sale of short-term capacity fell for border-to-border transport.

In the context of a difficult storage market, Fluxys Belgium managed to sell all its storage capacity in 2014. The regulatory accounts were impacted by non-recurring effects in 2013, related to the decommissioning of the peak-shaving plant at Dudzele.

The slight increase in revenue from terminalling activity compared with the previous fiscal year is mainly explained by the lower impact of pricing decisions relating to previous fiscal years. With 34 unloadings and 19 loadings, the Zeebrugge LNG Terminal registered a favorable usage rate compared with other terminals in Northwest Europe.

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

The new tariffs linked to the extension of a contract for the provision of facilities account for the change to this revenue compared with the previous fiscal year.

Note 5. Other operating income

Other operating income			In thousands of €
	31-12-2014	**31-12-2013**	**Change**
Other operating income	17,873	21,380	-3,507

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

The balance of the change in the other operating income compared with the previous year is caused by the gains realized on the sale of cushion gas from the Loenhout storage facility, by the recovery of costs related to the decommissioning of the peak-shaving plant at Dudzele and by the subsidy granted in 2013 to cover the study costs related to the project of a second jetty at the Zeebrugge LNG terminal.

Note 6. Operating expenses

Operating expenses excluding net amortisation, depreciation and provisions				In thousands of €
	Notes	31-12-2014	31-12-2013 restated	Change
Consumables, merchandise and supplies used	6.1	-4,232	-2,801	-1,431
Miscellaneous goods and services	6.2	-138,555	-152,179	13,624
Employee expenses	6.3	-117,428	-125,341	7,913
Other operating expenses	6.4	-20,190	-9,882	-10,308
Total operating expenses		**-280,405**	**-290,203**	**9,798**
Of which costs related to lease agreements		-12,150	-12,710	560

6.1. Consumables, merchandise and supplies used

Consumables, merchandise and supplies used mainly include costs for transport material taken out of inventory for maintenance and repair projects and costs for work carried out on behalf of third parties.

6.2. Miscellaneous goods and services

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

The change in miscellaneous goods and services is mainly due to the efficiency efforts realized by the Fluxys Belgium group in 2014, the decrease of the maintenance costs and the final compensations paid to the victims of the Ghislenghien accident which occurred in 2004, of which the major part has been paid in 2012.

The remuneration paid to Deloitte in its capacity as the group's statutory auditor totalled €153,001.60. In addition, Deloitte performed other tasks for which it was paid a total of €75,850.

6.3. Employee expenses

Employee expenses fell with €7,913 thousand as a result of the combined effect of a decrease in the average headcount and the contributions paid to the pension fund compared with 2013, a change related to the need to finance our obligations in the matter.

The group’s total average headcount fell from 1,078 in 2013 to 1,026 in 2014. In FTE (full-time equivalents), the average headcount was respectively 1,000.4 in 2014 compared with 1,052.1 in 2013.

Workforce				
	Fiscal year		Previous fiscal year	
	Total number of staff	Total In FTE	Total number of staff	Total in FTE
Average headcount	**1,026**	**1,000.4**	**1,078**	**1,052.1**
Fluxys Belgium	**987**	**961.2**	**1,036**	**1,010.9**
Executives	301	295.3	319	313.5
Employees	686	665.9	717	697.4
Fluxys LNG	**38**	**38.7**	**41**	**40.7**
Executives	2	2.4	2	2.0
Employees	36	36.3	39	38.7
Flux Re	**1**	**0.5**	**1**	**0.5**
Headcount at balance sheet date	**1,008**	**981.2**	**1,059**	**1,033.1**
Fluxys Belgium	**969**	**942.9**	**1,018**	**992.6**
Executives	294	288.7	310	304.7
Employees	675	654.2	708	687.9
Fluxys LNG	**38**	**37.8**	**40**	**40.0**
Executives	3	3.0	2	2.0
Employees	35	34.8	38	38.0
Flux Re	**1**	**0.5**	**1**	**0.5**

6.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposal of PPE. The latter represented an expense of €13,531 thousand in 2014, compared with €3,439 thousand in 2013, whereby this increase is related to the decommissioning programme of old installations.

Net depreciation, amortisation, impairment losses and provisions				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Depreciation and amortisation	6.5	**-147,266**	**-142,220**	**-5,046**
Intangible assets		-6,798	-8,281	1,483
Property, plant and equipment		-140,468	-133,939	-6,529
Impairment losses		**-1,902**	**-1,535**	**-367**
Inventories		-1,902	-1,535	-367
Trade receivables		0	0	0
Provisions for liabilities and charges	6.6	**3,030**	**19,732**	**-16,702**
Total depreciation, amortisation, impairment losses and provisions		**-146,138**	**-124,023**	**-22,115**

6.5. Depreciation and amortisation

The depreciation of tangible assets increased in 2014 due to the commissioning in 2013 of new investments, notably the Ben-Ahin-Bras pipeline and 'Open Rack Vaporizer' installations at Zeebrugge Terminal.

6.6. Provisions for liabilities and charges

Provisions for the environment and site restoration have been used for €0.9 million in 2014, compared with €6.0 million in 2013. In 2013, they were also reversed for €8.1 million. The latter was related to the downward revision of the costs estimated for the decommissioning of the peak-shaving plant at Dudzele. This provision recovery did not have any impact on the results of the fiscal year as it was integrated in the tariff calculation of the storage activity.

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

Note 7. Financial income

Financial income				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Dividends from non-consolidated entities		8	0	8
Financial income from lease contracts	7.1	182	185	-3
Interest income on marketable securities, cash and cash equivalents at fair value through profit and loss	7.2	2,146	1,999	147
Other interest income	7.2	845	180	665
Other financial income		13	21	-8
Total		**3,194**	**2,385**	**809**

7.1. Financial income from lease contracts related to the Interconnector Zeebrugge Terminal (IZT) installations (see Note 17).

7.2. The increase in interest income on marketable securities, cash and cash equivalents is mainly the result of a combined effect of an increase in the cash volume (up €85.5 million), partly offset by a fall in the average return (down 7 basis points).

This fall in return reflects changes in market interest rates from 1 January to 31 December 2014.

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

Finance costs				In thousands of €
	Notes	**31-12-2014**	**31-12-2013**	**Change**
Borrowing interest costs	8.1	-51,862	-52,594	732
Unwinding of discounts	8.2	-5,902	-657	-5,245
Other financial expenses		-120	-75	-45
Total		**-57,884**	**-53,326**	**-4,558**

8.1. Borrowing interest costs primarily include interest on the RTR finance lease contract, the loans from the European Investment Bank, public bonds, the private loan issued at the end of 2014 and regulatory liabilities.

Repayment of debts explains the decrease in interest costs in 2014 compared with the previous fiscal year.

8.2. The costs related to the unwinding of discounts are increasing. This change is mainly explained by the rate used to discount the liability relating to employee benefits (1.45% in 2014 compared with 3.05% in 2013). The change of costs related to the unwinding of discounts is analysed in Notes 26 ‘Provisions’ and 27 ‘Provisions for employee benefits’.

Change in the fair value of financial instruments				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Use and change in the fair value of financial instruments	8.3	269	1,146	-877
Total		**269**	**1,146**	**-877**

8.3. Change in the fair value of financial instruments is mainly caused by instruments for hedging interest rate risks (interest rate swaps) used as part of the RTR finance lease contract, with maturity in 2014.

Note 9. Income tax expense

Income tax expense is analysed as follows:

Income tax expense				In thousands of €
	Notes	**31-12-2014**	**31-12-2013**	**Change**
Current tax	9.1	-50,419	-54,280	3,861
Deferred tax	9.2	18,992	17,492	1,500
Total	**9.3**	**-31,427**	**-36,788**	**5,361**

Income tax expense decreased by €5,361 thousand compared with 2013. This change is explained as follows:

9.1. Current tax			In thousands of €
	31-12-2014	**31-12-2013**	**Change**
Income tax on the profit of the period	**-51,653**	**-54,772**	**3,119**
Taxes and withholding taxes due or paid	-48,070	-50,395	2,325
Excess of payment of taxes and withholding taxes included in assets	0	0	0
Estimated additional tax included in liabilities	-3,583	-4,377	794
Adjustments to previous years' taxes	**1,234**	**492**	**742**
Total	**-50,419**	**-54,280**	**3,861**

Current income tax for the fiscal year decreased with €3,861 thousand compared with the previous fiscal year. This change was mainly due to the decrease of the result before taxes.

9.2. Deferred tax			In thousands of €
	31-12-2014	31-12-2013	Change
Relating to origination or reversal of temporary differences	**18,992**	**17,492**	**1,500**
Differences arising from the valuation of property, plant and equipment	20,336	18,195	2,141
Differences arising from provisions	-1,261	-791	-470
Others	-83	88	-171
Relating to tax rate changes or to new taxes	**0**	**0**	**0**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**18,992**	**17,492**	**1,500**

Deferred tax is primarily influenced by the difference between the carrying amount and the tax base of property, plant and equipment and intangible assets. The increase in 2014 of the decommissioning of old installations explains the change of deferred taxes resulting from the valuation of property, plant and equipment.

The uses and recoveries of provisions under local standards, which are not accepted under IFRS cause the differences arising from provisions, whereby this change is slightly compensated by the impact of the decrease of the rate used in 2014 to discount the liability relating to employee benefits (see Note 8.2).

9.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2014	31-12-2013	Change
Expected income tax based on applicable tax rate – Fiscal year	**-31,225**	**-35,827**	**4,602**
Profit before taxes	91,864	105,406	-13,542
Applicable tax rate	33.99%	33.99%	
Reconciling items	**-1,436**	**-1,453**	**17**
Income tax rate differences between jurisdictions	430	430	0
Tax-exempt income	0	0	0
Non-deductible expenses	-2,158	-2,193	35
Taxable dividend income	-379	-391	12
Deductible notional interest cost	671	701	-30
Others	0	0	0
Income tax as per effective average tax rate – Fiscal year	**-32,661**	**-37,280**	**4,619**
Profit before taxes	91,864	105,406	-13,542
Average effective tax rate	35.55%	35.37%	0.18%
Taxes on tax-exempt reserves	**0**	**0**	**0**
Adjustments to previous years' taxes	**1,234**	**492**	**742**
Total income tax expense	**-31,427**	**-36,788**	**5,361**

The average effective tax rate for 2014 amounted to 35.55% compared with 35.37% the previous year.

Note 10. Net profit for the period

Net profit for the period			In thousands of €
	31-12-2014	31-12-2013	Change
Non-controlling interests	0	0	0
Group share	60,437	68,618	-8,181
Total net profit for the period	**60,437**	**68,618**	**-8,181**

The consolidated net profit for the fiscal year amounted to €60,437 thousand, a decrease of €8,181 thousand compared with 2013.

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

The interest rates used as reference to calculate the authorized return on the regulated assets are those of the ten-year Belgian government bonds issued by the Belgian State (OLOs). These interest rates have been historically low for the last years. The average rate for 2014 was 1.73%, compared to an average of 2.43% for 2013. This resulted in a drop of €10.7 million in the regulated net profit, with all other aspects remaining unchanged.

This impact is partially offset by the favorable impact of efficiency gains and the reduced impact of tariff decisions relating to previous fiscal years.

Finally it must be noted that the renewal of a contract for the provision of facilities explains the balance in the change of the net result.

Note 11. Earnings per share

Numerator (in thousands of €)	31-12-2014	31-12-2013
Net profit from continuing operations attributable to the parent company's shareholders	**60,437**	**68,618**
Net profit	60,437	68,618
Impact of dilutive instruments		
Diluted net profit from continuing operations attributable to the parent company's shareholders	**60,437**	**68,618**
Net profit / loss from discontinued operations attributable to the parent company's shareholders	**0**	**0**
Net profit	0	0
Impact of dilutive instruments	0	0
Diluted net profit from discontinued operations attributable to the parent company's shareholders	**0**	**0**
Net profit per attributable to the parent company's shareholders	**60,437**	**68,618**
Net profit	60,437	68,618
Impact of dilutive instruments	0	0
Diluted net profit per attributable to the parent company's shareholders	**60,437**	**68,618**

Denominator (in units)	31-12-2014	31-12-2013
Average number of outstanding shares	**70,263,501**	**70,263,501**
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	**70,263,501**	**70,263,501**

Profit per share (in €)	31-12-2014	31-12-2013
Basic earnings per share from continuing operations attributable to the parent company's shareholders	0.8601	0.9766
Diluted earnings per share from continuing operations attributable to the parent company's shareholders	0.8601	0.9766
Basic earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Diluted earnings per share from discontinued operations attributable to the parent company's shareholders	0.0000	0.0000
Basic earnings per share attributable to the parent company's shareholders	0.8601	0.9766
Net diluted earnings per share attributable to the parent company's shareholders	0.8601	0.9766

Note 12. Property, plant and equipment

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Gross carrying amount				
At 31-12-2012	**42,012**	**132,910**	**3,212,534**	**381,145**
Additions	825	313	44,839	3,227
Government grants	0	0	-557	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-761	-188	-16,479	-3,589
Internal transfers	9	6,682	-2,681	431
Changes in consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2013	**42,085**	**139,717**	**3,237,656**	**381,214**
Additions	7,224	157	15,361	2,067
Government grants	0	0	-20,100	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-324	-41	-26,673	-3,098
Internal transfers	2	0	3,498	387
Changes in consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2014	**48,987**	**139,833**	**3,209,742**	**380,570**

**subject to the Gas Act*

				In thousands of €
LNG terminal*	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,001,303	43,000	43,149	142,028	4,998,081
8,412	141	4,835	38,067	100,659
0	0	0	0	-557
0	0	0	0	0
0	-22	-138	-764	-21,941
31,999	63	0	-36,503	0
0	0	0	0	0
0	0	0	0	0
1,041,714	43,182	47,846	142,828	5,076,242
749	143	2,598	66,108	94,407
0	0	0	-2,579	-22,679
0	0	0	0	0
-204	0	-3,337	-4,585	-38,262
0	0	0	-3,887	0
0	0	0	0	0
0	0	0	0	0
1,042,259	43,325	47,107	197,885	5,109,708

Movements in property, plant and equipment

	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Depreciation and impairment losses				
At 31-12-2012	**0**	**-68,859**	**-1,608,046**	**-171,548**
Depreciation	0	-4,964	-95,515	-10,950
Depreciation on subsidies received	0	0	4,347	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	0	162	14,340	1,909
Internal transfers	0	-137	137	0
Changes in consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2013	**0**	**-73,798**	**-1,684,737**	**-180,589**
Depreciation	0	-4,804	-100,272	-11,010
Depreciation on subsidies received	0	0	4,003	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	0	0	18,337	1,721
Internal transfers	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 31-12-2014	**0**	**-78,602**	**-1,762,669**	**-189,878**
Net carrying amount at 31-12-2014	**48,987**	**61,231**	**1,447,073**	**190,692**
Net carrying amount at 31-12-2013	**42,085**	**65,919**	**1,552,919**	**200,625**

** subject to the Gas Act*

In thousands of €

LNG terminal*	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-661,944	**-42,663**	**-28,473**	**0**	**-2,581,533**
-22,984	-97	-3,776	0	-138,286
0	0	0	0	4,347
0	0	0	0	0
0	1	133	0	16,545
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-684,928	**-42,759**	**-32,116**	**0**	**-2,698,927**
-24,209	-98	-4,078	0	-144,471
0	0	0	0	4,003
0	0	0	0	0
6	0	3,335	0	23,399
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-709,131	**-42,857**	**-32,859**	**0**	**-2,815,996**
333,128	**468**	**14,248**	**197,885**	**2,293,712**
356,786	**423**	**15,730**	**142,828**	**2,377,315**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Net carrying amount at 31-12-2014, including:	48,987	61,231	1,447,073	190,692
At cost	48,987	61,231	1,447,073	190,692
At revaluation	0	0	0	0
Net carrying amount at 31-12-2014 of assets held under finance leases	0	19	16,488	0
Supplementary information				
Net carrying amount of assets temporarily retired from active use	110	0	0	0

** subject to the Gas Act*

'Property, plant and equipment' mainly comprises the group's transmission, storage (Loenhout) and terminalling (Zeebrugge) facilities.

In 2014, Fluxys Belgium group made investments of €94,407 thousand, of which the main items are the following:

- Transmission facilities (€63,797 thousand),
- Storage facilities at Loenhout (€3,057 thousand) and
- LNG terminal facilities (€27,205 thousand), in particular for the second jetty.

In relation to investments that are currently in progress or planned, the group has commitments under Engineering, Procurement and Construction contracts for an amount of €40.5 million at 31 December 2014.

During the fiscal year 2014, Fluxys Belgium obtained grants relating to the 'North-South' investments worth €20,100 thousand and Fluxys LNG received subsidies for an amount of €2.579 thousand for investments in the second jetty.

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

					In thousands of €
	LNG terminal*	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
	333,128	468	14,248	197,885	2,293,712
	333,128	468	14,248	197,885	2,293,712
	0	0	0	0	0
	0	0	0	0	16,507
	0	0	0	0	110

The depreciation charge for the period amounts to €140,468 thousand and reflects the rate at which the group expects to consume the economic benefits of the assets.

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

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

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

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

Note 13. Intangible assets

Movements in the carrying amount of intangible assets	Application software	CO_2 emission rights	Total
Gross carrying amount			
At 31-12-2012	**44,924**	**0**	**44,924**
Additions	7,481		7,481
Acquisitions through business combinations			0
Disposals and retirements	-61		-61
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2013	**52,344**	**0**	**52,344**
Additions	2,564		2,564
Acquisitions through business combinations			0
Disposals and retirements	-10,873		-10,873
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2014	**44,035**	**0**	**44,035**

In thousands of €

Movements in the carrying amount of intangible assets			In thousands of €
	Application software	CO_2 emission rights	Total
Amortisation and impairment losses			
At 31-12-2012	-27,900	0	-27,900
Amortisation	-8,281		-8,281
Impairment losses			0
Disposals and retirements	11		11
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2013	-36,170	0	-36,170
Amortisation	-6,798		-6,798
Impairment losses			0
Disposals and retirements	10,873		10,873
Translation adjustments			0
Changes in consolidation scope			0
Others			0
At 31-12-2014	-32,095	0	-32,095

Movements in the carrying amount of intangible assets	Application software	$C0_2$ emission rights	Total (In thousands of €)
Net carrying amount at 31-12-2013	16,174	0	16,174
Net carrying amout at 31-12-2014	11,940	0	11,940

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

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

The gas transmission facilities in Belgium are included in the scheme for greenhouse gas emission allowance trading. Accordingly, Fluxys Belgium group was given for 2014 free CO_2 emission rights amounting to 112,399 tonnes of CO_2 for the compression, storage and terminalling activity sites. The value of the unused rights of the fiscal year 2014 amounted to €508 thousand, which corresponds to 75,205 tonnes of CO_2. In accordance with the accounting policies stated in Note 2, the unused emission rights granted free of charge have been recognised at nil value under intangible assets.

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

Note 14. Goodwill

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

Note 15. Investments in associates

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

Note 16. Other financial assets

Other financial assets			In thousands of €
	Notes	**31-12-2014**	**31-12-2013 restated**
Shares at cost	16.1	24	24
Investment securities at fair value through income statement	16.2	44,429	33,340
Other financial assets at cost	16.3	70	91
Total		**44,523**	**33,455**

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

16.2. Movements of investment securities at fair value through income statement		In thousands of €
	31-12-2014	**31-12-2013**
Opening balance	**33,340**	**38,224**
Gross amount	33,340	38,224
Accumulated impairment losses	0	0
Additions	11,089	0
Repayments	0	-4,884
Translation adjustments	0	0
Others	0	0
Closing balance	**44,429**	**33,340**
Gross amount	44,429	33,340
Accumulated impairment losses	0	0

Investment securities at fair value through the income statement relate to cash investments in bonds or commercial paper with a maturity longer than one year. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2016 and 2019. An amount of €26.7 million is placed at Fluxys Finance, which is the entity in which the management of Fluxys group's cash funds and financing is centralised.

16.3. Movements of other financial assets – Other assets at cost		In thousands of €
	31-12-2014	31-12-2013
Opening balance	**91**	**3,938**
Gross amount	91	3,938
Accumulated impairment losses	0	0
Additions	0	21
Repayments	-21	-3,868
Translation adjustments	0	0
Others	0	0
Closing balance	**70**	**91**
Gross amount	70	91
Accumulated impairment losses	0	0

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

Note 17. Finance lease receivables

Finance lease receivables			In thousands of €
	31-12-2014	**31-12-2013**	**Change**
Non-current receivables	16,641	19,975	-3,334
Current receivables	3,334	2,874	460
Total	**19,975**	**22,849**	**-2,874**

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

Maturity of finance lease receivables at 31-12-2014				In thousands of €
	Up to one year	**Between one and five years**	**Over five years**	**Total**
Finance lease receivables	3,334	16,641	0	19,975
Total	**3,334**	**16,641**	**0**	**19,975**
Finance lease receivables :				
Present value of minimum lease payments at market rate	3,478	16,870	0	20,348
Total minimum lease payments (A)	3,478	16,870	0	20,348
Interest (B)	144	229	0	373
Total finance lease receivables (A-B)	3,334	16,641	0	19,975

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

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

Note 18. Non-current loans and receivables

Non-current loans and receivables				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Regulatory assets	18.1	8,009	18,098	-10,089
Total		**8,009**	**18,098**	**-10,089**

18.1. This item includes the regulatory receivable that arose in 2010 following the closure of the peak-shaving plant at Dudzele. The reduction in regulatory receivables in 2014 is mainly due to the gain realised on the sale of part of the cushion gas as well as the change realised on the fair margin, linked to the reduction in interest rates (OLO).

Maturity of non-current loans and receivables at 31-12-2014			In thousands of €
	Between one and five years	Over five years	Total
Regulatory assets	8,009	0	8,009
Total	**8,009**	**0**	**8,009**

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

Note 19. Inventories

Carrying amount of inventories			In thousands of €
	31-12-2014	31-12-2013	Change
Supplies and consumables	**23,139**	**34,967**	**-11,828**
Gross carrying amount	31,807	41,733	-9,926
Impairment	-8,668	-6,766	-1,902
Goods held for resale	**6,679**	**11,283**	**-4,604**
Gross carrying amount	6,679	11,283	-4,604
Impairment	0	0	0
Contracts in progress	**30**	**491**	**-461**
Gross carrying amount	30	491	-461
Impairment	0	0	0
Total	**29,848**	**46,741**	**-16,893**

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

Inventories – Impact of movements on net profit			In thousands of €
	31-12-2014	31-12-2013	Change
Inventories – purchased or used	-14,991	-2,932	-12,059
Impairment	-1,902	-1,535	-367
Total	**-16,893**	**-4,467**	**-12,426**

Note 20. Current tax receivable

Current tax receivable			In thousands of €
	31-12-2014	**31-12-2013**	**Change**
Recoverable income taxes	1,305	1,064	241
Total	**1,305**	**1,064**	**241**

Note 21. Trade and other receivables

Trade and other receivables				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Gross trade receivables		71,621	62,708	8,913
Impairment losses		-1,513	-1,513	0
Net trade receivables	21.1	**70,108**	**61,195**	**8,913**
Other receivables	21.2	23,724	5,108	18,616
Total		**93,832**	**66,303**	**27,529**

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

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

Net trade receivables according to ageing			In thousands of €
	31-12-2014	31-12-2013	Change
Receivables not past due	67,570	59,208	8,362
Receivables < 3 months	2,538	1,987	551
Receivables 3 - 6 months	0	0	0
Receivables > 6 months	0	0	0
Receivables in litigation or doubtful	0	0	0
Total	**70,108**	**61,195**	**8,913**

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

21.2 Other receivables mainly include various receivables such as recoverable withholding taxes and VAT. This item also includes on 31 December 2014 the balance of the grants to receive in the scope of the investments North-South for an amount of €20.1 million (see Note 12). This amount was received in January 2015.

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

Short-term investments are investments with a maturity of more than three months and maximum one year in bonds, commercial paper and bank deposits.

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

Short-term investments, cash and cash equivalents			In thousands of €
	31-12-2014	31-12-2013 restated	Change
Short-term investments	**411,271**	**110,398**	**300,873**
Cash and cash equivalents	**240,937**	**130,758**	**110,179**
Cash equivalents	234,549	119,549	115,000
Short-term deposits	4,250	1,200	3,050
Bank balances	2,125	10,002	-7,877
Cash in hand	13	7	6
Total	**652,208**	**241,156**	**411,052**

In 2014, the average rate of return on short-term investments, cash and cash equivalents was 0.65% compared to 0.72 % in 2013. The average capital invested rose from €298.7 million in 2013 to €384.2 million in 2014. The temporarily increased level of the group's investments and cash at the end of December 2014 is due to the issue of a private debenture (see Note 25.2) for a nominal amount of €350 million.

Note 23. Other current assets

Other current assets				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Accrued income		444	437	7
Prepaid expenses	23.1	12,717	15,420	-2,703
Other current assets	23.2	1,536	1,132	404
Total		**14,697**	**16,989**	**-2,292**

Other current assets mainly comprise prepaid expenses amounting to €12,717 thousand (insurance, fees, rent, etc.) as well as various items of accrued income.

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

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

Note 24. Equity

Equity amounted to €749,504 thousand at 31 December 2014. The €41,348 thousand decrease since the previous year is due to the 2014 dividend payout (-€92,748 thousand), a decrease partially offset by the overall result for the period (+€51,400 thousand).

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

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

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

Category D shares are registered, dematerialised or bearer shares and are mainly held by the general public. Bearer shares for which the holders are not manifested will be sold in 2015 in accordance with legal requirements. Reference is made to the management report for more information on this subject.

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

Note 25. Interest-bearing liabilities

Non-current interest-bearing liabilities				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Finance leases	25.1	0	19,699	-19,699
Debentures	25.2	695,658	699,076	-3,418
Other borrowings	25.3	383,000	411,500	-28,500
Other liabilities	25.4	397,763	373,483	24,280
Total		**1,476,421**	**1,503,758**	**-27,337**
Of which debts guaranteed by the public authorities or by actual sureties		0	0	0

Current interest-bearing liabilities				In thousands of €
	Notes	31-12-2014	31-12-2013	Change
Finance leases	25.1	19,700	14,167	5,533
Debentures	25.2	361,214	10,170	351,044
Other borrowings	25.3	33,497	27,668	5,829
Other liabilities	25.4	65,383	32,321	33,062
Total		**479,794**	**84,326**	**395,468**
Of which debts guaranteed by the public authorities or by actual sureties		0	0	0

25.1. Finance lease payables mainly include the contract Zeebrugge-Zelzate/Eynatten (RTR) border-to-border transmission facilities. In accordance with IAS 17, the lease contract signed with GIE Finpipe in relation to RTR facilities is accounted for as finance lease. The RTR contract has a 17-year term that expires in 2015. Fluxys Belgium has exercised the purchase option with effect on 15 September 2015.

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

To refinance the debenture expiring in 2015, Fluxys Belgium succesfully made a private placement of bonds at the end of November 2014, for a total nominal amount of €350 millon. This private placement is split up in two instalments:

- an instalment of €250 million with a term of 15 years with a price fixed at 2.802% and expiring in November 2029 and
- an instalment of €100 million with a term of 20 years with a price fixed at 3.29% and expiring in November 2034.

25.3. Other borrowings include:

- a 10-year loan at a fixed annual interest rate of 4.747% contracted with the European Investment Bank (EIB) in August 2007 for the financing of the capacity enhancement at the Zeebrugge LNG terminal, whose balance was €25,500 thousand at 31 December 2014,
- a 25-year loan of €400,000 thousand at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network,
- accrued interest amounting to €4,997 thousand.

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

Maturity of interest-bearing liabilities at 31-12-2014				In thousands of €
	Up to one year	Between one and five year	Over five years	Total
Finance leases	19,700	0	0	19,700
Debentures	361,214	349,385	346,273	1,056,872
Other borrowings	33,497	97,000	286,000	416,497
Other liabilities	65,383	226,733	171,030	463,146
Total	**479,794**	**673,118**	**803,303**	**1,956,215**
Supplementary information				
Finance leases:				
Present value of minimum lease payments at market rate	19,924	0	0	19,924
Total minimum lease payments	20,295	0	0	20,295
Interests	595	0	0	595

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

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

Note 26. Provisions

26.1. Provisions (excluding provisions for employee benefits)

Provisions for:			In thousands of €
	Litigation and claims	**Environment and site restoration**	**Total excluding employee benefits**
Provisions at 31-12-2013	**4,883**	**7,442**	**12,325**
Additions	1,931	0	1,931
Use	-1,495	-919	-2,414
Release	-1,048	0	-1,048
Unwinding of the discount	0	40	40
Provisions at 31-12-2014 of which:	**4,271**	**6,563**	**10,834**
Non-current provisions	2,376	513	2,889
Current provisions	1,895	6,050	7,945

The fiscal year's additions to the provisions mainly relate to the estimated cost of the claims to be borne by Flux Re.

Use and recovery of the year mainly concern restoration of sites in the process of being shut down and the compensations to the victims of the Ghislenghien accident.

26.2. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2013	**53,633**
Additions	5,913
Use	-7,412
Release	0
Unwinding of the discount	5,264
Actual gains / losses recognised in profit / loss (jubilee premiums)	4,725
Expected return on plan assets	-4,127
Actual gains / losses directly recognised in equity	13,691
Reclassification to assets	-818
Provisions at 31-12-2014 of which :	**70,869**
Non-current provisions	66,823
Current provisions	4,046

The provisions for employee benefits not pre-funded have increased, mainly as a result of the rate to discount the liability relating to employee benefits used in 2014 (1.45%) compared with 2013 (3.05%). ‘Defined benefit’ pensions plans show surpluses of plan assets compared with the actuarial relating to the estimated commitments of the group at 31 December 2014. The amount thereof consequently has been transferred to the assets of the balance sheet under items ‘Other non-current assets’ and ‘Other current assets’. These provisions are set out in detail in Note 27.

26.3. Movements in the income statement and maturity of provisions

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

Impact			In thousands of €
	Additions	Use and reversals	Total
Profit (loss) from continuing operations	7,844	-10,874	-3,030
Financial profit (loss)	10,029	-4,127	5,902
Total	**17,873**	**-15,001**	**2,872**

Maturity of provisions at 31-12-2014				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Litigation and claims	1,895	0	2,376	4,271
Environment and site restoration	6,050	513	0	6,563
Subtotal	**7,945**	**513**	**2,376**	**10,834**
Employee benefits	4,046	15,791	51,032	70,869
Total	**11,991**	**16,304**	**53,408**	**81,703**

Maturity of provisions at 31-12-2013				In thousands of €
	Up to one year	Between one and five years	Over five years	Total
Litigation and claims	2,543	0	2,340	4,883
Environment and site restoration	5,466	1,976	0	7,442
Subtotal	**8,009**	**1,976**	**2,340**	**12,325**
Employee benefits	3,503	17,285	32,845	53,633
Total	**11,512**	**19,261**	**35,185**	**65,958**

Discount rate

Long-term provisions are discounted systematically based on interest rates that have changed as follows, according to time frame:

	31-12-2014	31-12-2013
Between one and five years	0.45 %	1.25 %
Between six and ten years	0.81 %	2.42 %
Over ten years	1.45 %	3.05 %

Provisions for litigation and claimscontentieux et sinistres

These provisions have been established to cover potential litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983).

They also cover the estimated risks faced by Flux Re in the scope of claims incurred by entities of the Fluxys group.

The estimate for these provisions is based on the value of claims filed or on the estimated amount of the risk exposure.

Provisions for the environment and site restoration

These provisions mainly relate to obligations for safety, clean-up and restoration of sites in the process of being shut down.

These provisions are accrued in accordance with the Belgian regional environmental legislation and the Belgian Gas Act. The obligations covered by these provisions require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 27. Provisions for employee benefits

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

Defined benefit pension plans

These agreements cover ‘salary scale’ personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999. They provide the beneficiaries with lump sum pension benefits that vary according to their final annual salary and the number of years of service upon retirement. These retirement schemes are referred to as defined benefit pension plans.

Obligations under these defined benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance entities.

Employees and employers contribute to these pension plans. The employer’s contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

Other long-term employee benefits

Fluxys Belgium group also has early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority payments). Not all of these benefits are funded.

Financing situation for defined benefit employee benefits

In thousands of €	Pensions *		Other **	
	2014	**2013**	**2014**	**2013**
Present value of funded defined benefit obligations	-143,198	-129,483	-60,578	-44,435
Fair value of plan assets	151,332	139,528	0	0
Funded status of plans	**8,134**	**10,045**	**-60,578**	**-44,435**
Impact on minimum funding requirement/effect of the asset ceiling	0	0	0	0
Others	0	0	0	0
Net employee benefit liability	**8,134**	**10,045**	**-60,578**	**-44,435**
Funds assets	18,425	19,243	0	0
Funds liabilities	-10,291	-9,198	-60,578	-44,435

* Pensions also include non-prefinanced early-retirement obligations.

** The item ‘Other’ includes seniority bonuses as well as other post-employment benefits (reimbursement of medical expenses and tariff reductions).

Movements in the present value of defined benefit obligations

In thousands of €	Pensions *		Other **	
	2014	2013	2014	2013
At beginning of year	**-129,483**	**-140,802**	**-44,435**	**-43,247**
Service costs	-3,805	-4,412	-1,811	-1,616
Early retirement costs	-731	328	0	0
Financial expense (-) / income (+)	-3,774	-3,702	-1,490	-1,257
Participants' contributions	-297	-295	0	0
Change in demographic assumptions	4,102	-877	-4,181	-2,886
Change in financial assumptions	-17,623	3,533	-11,094	910
Experience adjustments	2,485	6,828	667	1,726
Past service costs	0	-460	0	0
Benefits paid	5,928	9,743	1,766	1,745
Other		633		190
At end of year	**-143,198**	**-129,483**	**-60,578**	**-44,435**

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2014	2013	2014	2013
At beginning of year	**139,528**	**133,022**	**0**	**0**
Interest income	4,127	3,614	0	0
Return on plan assets (excluding net interest income)	7,228	285	0	0
Employer's contributions	6,080	11,814	1,766	1,749
Participants' contributions	297	295	0	0
Benefits paid	-5,928	-9,502	-1,766	-1,749
Other	0	0	0	0
At end of year	**151,332**	**139,528**	**0**	**0**
Actual return on plan assets	**11,355**	**3,899**	**0**	**0**

Defined benefit costs recognised in income

In thousands of €	Pensions *		Other **	
	2014	**2013**	**2014**	**2013**
Pension costs				
Service costs	-3,805	-4,707	-1,811	-1,616
Early retirement costs	-731	328	0	0
Past service costs	0	-460	0	0
Gains/(losses) on other long-term benefits	0	0	-4,725	354
Net interest on net liabilities / (assets) for defined benefits				
Interest expense on defined benefit obligations	-3,774	-3,702	-1,490	-1,257
Interest income on plan assets	4,127	3,614	0	0
Defined benefit costs recognised in income	**-4,183**	**-4,927**	**-8,026**	**-2,519**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other **	
	2014	**2013**	**2014**	**2013**
Change in demographic assumptions	4,102	-877	-4,181	-2,886
Change in financial assumptions	-17,623	3,533	-6,369	1,380
Experience adjustments	2,485	6,828	667	1,726
Return on plan assets (excluding net interest income)	7,228	285	0	0
Actuarial losses (gains) recognised in other comprehensive income	**-3,808**	**9,769**	**-9,883**	**220**

Breakdown of defined benefit obligation by type of participant

In thousands of €	2014	2013
Active participants	-167,172	-144,092
Non-active participants with deferred benefits	-2,918	-2,607
Retirees and beneficiaries	-33,686	-27,219
Total	**-203,776**	**-173,918**

Breakdown of defined benefit obligation by type of benefit

In thousands of €	2014	2013
Retirement and death benefits	-143,198	-129,482
Other post-employment benefits (medical expenses and tariff reductions)	-38,154	-27,634
Seniority bonuses	-22,424	-16,802
Total	**-203,776**	**-173,918**

Main actuarial assumptions used

	2014	2013
Discount rate	1.45 %	3.05 %
Expected increase in average salary *	2.00 %	2.00 %
Expected inflation	1.75 %	2.00 %
Expected increase in health expenses *	2.75 %	3.00 %
Expected increase in tariff benefits *	1.75 %	2.00 %
Expected average age at retirement	62	62
Mortality tables	MR/FR adjusted based on past experience	
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	22	22
- Female	22	22

* Excluding inflation

Description of main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality obligations.

Each year, the discount rate used to calculate obligations for financing pension commitments and minimum financing requirements is compared with the expected return on plan assets. The latter is obtained from the risk-free rate observed on the financial markets at the balance sheet date, the risk premiums for each category of assets in the portfolio and their corresponding volatility. If the expected return is lower than the discount rate, the latter is reduced.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used are those corresponding to experience observed in the financing vehicle.

Defined benefit pension plans have surplus plan assets compared with the actuarial liability on estimated commitments of the group at 31 December 2014. The amount was therefore transferred to the assets in the balance sheet under ‘Other non-current assets’ and ‘Other current asset’. These surpluses will be gradually recovered through a reduction in future contributions to be paid.

The fair value of plan assets is distributed according to the following main categories:

	2014	2013
Listed investments	**82.29 %**	**79.41 %**
Shares - eurozone	16.33 %	15.63 %
Shares - outside eurozone	13.40 %	11.65 %
Government bonds - eurozone	4.84 %	3.91 %
Other bonds - eurozone	38.25 %	43.18 %
Other bonds - outside eurozone	9.47 %	5.04 %
Non-listed investments	**17.71 %**	**20.59 %**
Real estate	4.18 %	4.73 %
Cash and cash equivalents	0.83 %	1.64 %
Other	12.70 %	14.22 %
Total (in %)	**100.00 %**	**100.00 %**
Total (in thousands of €)	**151,332**	**139,528**

Sensitivity analysis

Impact on defined benefit obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.5%)	11,896
Average salary increase - Excluding inflation (0.5%)	-11,692
Increase in inflation rate (0.25%)	-5,262
Increase in healthcare benefits (1%)	-4,904
Increase in tariff benefits (0.5%)	-1,644
Increase in life expectancy of retirees (1 year)	-1,545

Average weighted duration of defined benefit obligations

	2014	2013
Average weighted duration of defined benefit obligations	12	10

The average duration of the defined benefit obligations is around 12 years. These plans are closed, which explains the relatively short duration.

Estimated contributions for defined benefit schemes

	In thousands of €
Contribution expected in 2015	6,021

Defined contribution pension plans

In Belgium 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 are covered by defined contribution pension plans. Other companies of the group also grant this type of benefit to certain categories of their employees.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees. Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

The assets of the pension funds are allocated among the various categories of the following risks:

- Low risk: bonds in the euro zone and/or high-quality bonds.
- Medium risk: risk diversification between bonds, convertible bonds, real estate and equity instruments.
- High risk: equity instruments, real estate, ...
- Dynamic Asset Allocation: rapid adjustment of the portfolio structure in case specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution pension plans, being an average annual return over the career of at least 3.25% for employer's contributions and at least 3.75% for employees' contributions.

The accounting method used by the group to value these liabilities corresponds to the intrinsic value method (see Note 2.16). This method is to calculate, for each member individually, the guaranteed minimum reserves (based on an annual return of 3.25% on employer's contributions and 3.75% on employees' contributions) and accumulated contributions based on the effective yield on the closing date of the financial statements.

A deficit occurs when guaranteed minimum reserves exceed the accumulated contributions based on the effective yield on the closing date.

Description of the main risks

Defined contribution plans expose the employer to the risk of a minimum return on pension fund assets that do not offer a guaranteed return.

In Belgium, employees' contributions are deposited in insurance companies which provide a minimum return of 3.25% plus financial participations. The current decline in interest rates led insurers to request a reduction in the guaranteed rate of return, which could increase the risk of the employer in the matter.

Quantitative analysis

At 31 December 2014, the guaranteed minimum reserves of defined contribution pension plans amount to €13.4 million while the contributions accumulated based on the actual return rate at the balance sheet date amount to €15.4 million.

Given that actual returns on 31 December 2014 are higher than the guaranteed minimum rate, no provision has been made.

Estimated contributions for defined contribution schemes

	In thousands of €
Contribution paid in 2014	3,303
Contribution expected in 2015	3,258

Contributions to be paid for defined contribution pension plans are based on changes in the payroll of the concerned population.

Note 28. Deferred tax assets and liabilities

Recognised deferred tax liabilities			In thousands of €
	31-12-2014	31-12-2013	Change
Valuation of property, plant and equipment	286,124	305,384	-19,260
Accrued income	4,565	5,091	-526
Fair value of financial instruments	613	-42	655
Tax credits	0	0	0
Provisions for employee benefits or provisions not accounted for under IFRS	26,325	30,829	-4,504
Other normative differences	379	390	-11
Total	**318,006**	**341,652**	**-23,646**

Deferred tax assets and liabilities are offset within each taxable entity.

The main source of deferred tax is the difference between the accounting base and the tax base of property, plant and equipment. This difference arises first from the recognition in the opening balance sheet of acquired tangible fixed assets at their fair value corresponding to their deemed cost and, second, from the accounting at fair value of the assets and liabilities arising from the SEGEO and Distrigas & C° business combinations in 2008.

Provisions made in accordance with IAS 19 (Employee benefits) and provisions recognised under Belgian GAAP but not recognised under IFRS are another major source of deferred tax.

All deferred tax assets and liabilities are recognised, except for deferred taxes on the retained earnings of subsidiaries. Those unrecognised deferred tax liabilities for Fluxys LNG are estimated at €10 thousand of deferred tax liabilities.

Movement for the period		In thousands of €
	Notes	Deferred tax liabilities
At 31-12-2013		**341,652**
Deferred tax expenses – Profit & loss account	9	-18,992
Deferred tax expenses – other comprehensive income		-4,654
Business combinations		0
Changes in the consolidation scope		0
Other		0
At 31-12-2014		**318,006**

Note 29. Current tax payable

Current tax payable			In thousands of €
	31-12-2014	31-12-2013	Change
Income tax payable	5,567	7,423	-1,856
Total	**5,567**	**7,423**	**-1,856**

Current tax receivables and payables are recognised separately for each legal entity.

Note 30. Trade and other liabilities

Trade and other liabilities			In thousands of €
	31-12-2014	31-12-2013	Change
Trade payables	35,994	38,052	-2,058
Payroll and related items	22,772	24,038	-1,266
Other amounts payable	15,612	404	15,208
Total	**74,378**	**62,494**	**11,884**

As from 2014, Fluxys Belgium is responsible for invoicing the federal contributions and paying these contributions to the CREG, which explains the change in ‘Other amounts payable’.

Note 31. Other current liabilities

Other current liabilities			In thousands of €
	31-12-2014	**31-12-2013**	**Change**
Deferred income	1,560	1,574	-14
Accrued expenses	5	96	-91
Total	**1,565**	**1,670**	**-105**

Other current liabilities include deferred income to be carried forward to the next fiscal year and accrued expenses.

Note 32. Contingent assets and liabilities – rights and commitments of the group

32.1. Litigation

32.1.1 Litigation regarding the oil business

Pursuant to an agreement signed on 9 November 1979, the Belgian State commissioned Fluxys Belgium SA (formerly Distrigas) to negotiate the purchase of crude oil with the Kingdom of Saudi Arabia. Fluxys Belgium SA (formerly Distrigas) accepted this assignment provided that the Belgian State covered the costs, losses and all risks inherent to this assignment.

As part of the decision to discontinue the oil business, claims were submitted to the Belgian State and to Fluxys Belgium SA (formerly Distrigas).

The risk incurred by Fluxys Belgium SA (formerly Distrigas) is covered by a guarantee from the Belgian State (Royal Decree of 3 February 1981 – Belgian Official Gazette of 17 February 1981) pursuant to the agreement of 9 November 1979 between the Belgian State and Fluxys Belgium SA (formerly Distrigas) and the letter of 30 December 1983 from the Ministers for Finance and Economic Affairs.

32.1.2 Other litigation

Income tax expenses

An amendment notice for the tax year 2005 was issued by the tax authorities. The resulting tax assessment amounting to €509 thousand was received and was settled when due. However it is disputed by Fluxys Belgium and has not been recognised in profit and loss. The group expects a favourable resolution in 2015, whereby the other concerned years have been reimbursed in 2014.

Ghislenghien

As announced in 2011, Fluxys Belgium has undertaken, in agreement with insurers and other responsible parties, to proceed to the final compensation of private victims of the accident which occurred at Ghislenghien in 2004. Although most of the victims were compensated in 2012, some cases were closed during the year and others will be in the coming months. Fluxys Belgium conducts an evaluation of these cases as they evolve. No reliable estimate can be made at this stage. No provision has therefore been recognized at 31 December 2014.

Claim relating to the ‘Open Rack Vaporizer’ investment

A compensation claim for additional works was introduced by a supplier in the scope of the investment ‘Open Rack Vaporizer’ made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate can be made at this stage of the file. No provision has therefore been recognized at 31 December 2014.

Other claims

Other claims arising from the operation of our facilities are in progress but their potential impact is immaterial.

32.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business, the Fluxys Belgium group holds gas belonging to its customers at its storage sites in Loenhout, in the pipelines and in the tanks at the LNG terminal in Zeebrugge.

32.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. At 31 December 2014, the guarantees received amounted to €106,510 thousand.

32.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees in favour of the owners of assets located in Belgium and leased by the group amounted to €411 thousand at 31 December 2014.

At 31 December 2014, other guarantees amounted to €2,136 thousand.

32.5. Long-term leases and availability agreements

To meet the requirements of its activities Fluxys Belgium signed various long-term operating leases with minimum future lease payments of €528 thousand at 31 December 2014.

Maturity of minimum future payments in respect of lease payments under non-cancellable operating leases		In thousands of €
	At 31-12-2014	**At 31-12-2013**
Up to one year	528	428
One to five years	0	0
Over five years	0	0
Total	**528**	**428**

The Fluxys Belgium group also has availability agreements (including so-called domanial concessions) with third parties for sites on which its facilities are being built. These agreements expire between 2017 and 2112.

32.6. Commitments with regard to the Interconnector Zeebrugge Terminal (IZT)

The IZT lease contract includes a purchase option for the lessee that can be exercised on 1 October 2018 for an amount of €4,593 thousand. As part of this transaction, surface rights have been attributed.

32.7. Commitments as part of the RTR lease agreement

As part of the RTR lease agreement, Fluxys Belgium made a commitment to G.I.E. Finpipe to pay royalties for the availability of the RTR facilities. In addition, G.I.E. Finpipe entrusted an assignment for delegation and construction management to Fluxys Belgium on 29 September 1998.

32.8. Commitments under the capacity subscription agreements

The Capacity Subscription Agreements (CSA) concluded with the terminal users of the Zeebrugge LNG terminal provide for 1,271 slots to be available from 2015 to 2027.

32.9. Commitments in relation to loans and to the European Investment Bank (EIB)

The Fluxys Belgium group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which are fulfilled by the group at 31 December 2014. Like debentures, these loans contain a *pari passu* clause.

32.10. Other commitments made and received

Other commitments have been made and received by the Fluxys Belgium group, but their potential impact is immaterial.

Note 33. Financial instruments

Principles for managing financial risks

In the course of conducting its activities, the Fluxys Belgium group is exposed to credit and counterparty risks, liquidity and interest rate risks and foreign exchange and market risks, all of which affect its assets and liabilities.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

The group may only use financial instruments for hedging, and not for speculative or trading purposes. All transactions are intended to meet the group's liquidity needs: no transaction may be entered into for the sole purpose of earning a speculative gain.

Cash management policy

The Fluxys Belgium group's cash is managed as part of a general policy that was approved by the Board of Directors.

Under this policy, cash surpluses are invested with Fluxys Finance SA under cash pooling agreements. By way of reminder, Fluxys Finance is the entity in which the management of Fluxys group's cash funds and financing is centralised.

The objective of this policy is to optimise the group's cash positions. Transactions are entered into at market terms and conditions.

The group's financial policy stipulates that cash surpluses other than those referred to above be maintained at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration. These investments are subject to continual monitoring and to risk analysis on a case-by-case basis.

At 31 December 2014, current investments, cash and cash equivalents amounted to €696,637 thousand, compared with €274,496 thousand at 31 December 2013. The temporarily increased level of the group's investments and cash at the end of December 2014 is due to the issue of a private debenture (see Note 25.2) for a nominal amount of €350 million.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score. The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that three customers contribute 68% of the revenue.

Foreign exchange risk

The group's transactions are mostly denominated in EUR.

Group policy requires that all foreign currency assets and liabilities be hedged. Residual foreign currency positions may remain open for short periods, provided that they involve the group's main currencies and as long as the total net position does not exceed €1 million.

A sensitivity analysis would not therefore be appropriate in this context.

Interest rate risk

The group's debt mainly consists of fixed interest rate loans amounting to €1,473,369 thousand at 31 December 2014 and maturing between 2015 and 2034 and finance lease payables with a duration of 17 years. The balance of fixed-rate loans totalled €1,148,414 thousand at 31 December 2013.

In addition, the group's interest-bearing liabilities include liabilities to be used within the regulatory framework. As further explained in Note 25, these tariff gains bear interest partly at the average Euribor 1 year rate and partly at a 10-year interest rate. The group does not incur any interest rate risks related to this.

Therefore, a sensitivity analysis is not representative for the risk inherent in these financial instruments.

Consequently, the Fluxys Belgium group's exposure to interest rate risk is very limited.

Liquidity risk

Liquidity risk management is essential since maximum liquidity and optimum use of cash represent a major objective of the Fluxys Belgium group. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The maturity of interest-bearing liabilities is reported in Note 25.

Summary of financial instruments at balance sheet date

The group's main financial instruments consist of financial and trade receivables and payables, short-term investments, cash and cash equivalents.

The following table gives an overview of financial instruments at 31 December 2014:

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2014	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets	1 & 2	44,523	44,523	1 & 2
Finance lease receivables	1	16,641	16,641	2
Loans and receivables	1	8,009	8,009	2
II. Current assets				
Finance lease receivables	1	3,334	3,334	2
Trade and other receivables	1	93,832	93,832	2
Short-term investments	1 & 2	411,271	411,271	1 & 2
Cash and cash equivalents	1 & 2	240,937	240,937	1 & 2
Total financial instruments – assets		**818,547**	**818,547**	
I. Non-current liabilities				
Interest-bearing liabilities	1	1,476,421	1,506,940	2
II. Current liabilities				
Interest-bearing liabilities	1	479,794	478,701	2
Trade and other payables	1	74,378	74,378	2
Total financial instruments - liabilities		**2,030,593**	**2,060,019**	

The categories correspond to the following financial instruments:

1. Financial assets (including loans and receivables) or financial liabilities at amortised cost.
2. Assets or liabilities at fair value through profit or loss.

Summary of financial instruments at balance sheet date				In thousands of €
31-12-2013 restated	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets	1 & 2	33,455	33,455	1 & 2
Finance lease receivables	1	19,975	19,975	2
Loans and receivables	1	18,098	18,098	2
II. Current assets				
Finance lease receivables	1	2,874	2,874	2
Trade and other receivables	1	66,303	66,303	2
Short-term investments	1 & 2	110,398	110,398	1 & 2
Cash and cash equivalents	1 & 2	130,758	130,758	1 & 2
Total financial instruments – assets		**381,861**	**381,861**	
I. Non-current liabilities				
Interest-bearing liabilities	1	1,503,758	1,533,047	2
Other financial liabilities	2	122	122	2
II. Current liabilities				
Interest-bearing liabilities	1	84,326	84,326	2
Trade and other payables	1	62,494	62,494	2
Total financial instruments – liabilities		**1,650,700**	**1,679,989**	

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

Level 1 of the fair value hierarchy includes short-term investments and cash equivalents whose fair value is based on quoted prices. They consist mainly of bonds.

Level 2 of the fair value hierarchy includes other financial assets and liabilities whose fair value is based on other inputs that are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are as follows:

- The items ‘Interest-bearing liabilities’ include the fixed-rate debentures issued by Fluxys Belgium, whose fair value is determined based on observable rates in active markets, usually provided by financial institutions.
- The items ‘Other financial liabilities’ include an interest rate swap (IRS) whose fair value is determined based on observable rates in active markets, usually provided by financial institutions.
- The fair value of other Level 2 financial assets and liabilities is largely identical to their book value:
    - either because they have a short-term maturity (such as trade receivables and payables), or
    - because they bear interest at the market rate at the balance sheet date.

Note 34. Related parties

Fluxys Belgium and its subsidiaries are controlled by Fluxys, which is itself controlled by Publigas.

The consolidated financial statements include transactions performed by Fluxys Belgium and its subsidiaries in the normal course of their activities with non-consolidated affiliated or associated entities. These transactions take place under market conditions and mainly involve Fluxys, Finpipe, IZT, Dunkerque LNG, Gaz-Opale and Fluxys Finance, the entity in which the management of Fluxys group's cash funds and financing is centralised.

Related parties

In thousands of €

	31-12-2014				31-12-2013 restated			
	Joint arrangements	Associates	Other related parties	Total	Joint arrangements	Associates	Other related parties	Total
I. Assets with related parties	**0**	**0**	**244,049**	**244,049**	**0**	**0**	**172,007**	**172,007**
1. Other financial assets	**0**	**0**	**27,511**	**27,511**	**0**	**0**	**33,340**	**33,340**
1.1. Securities other than shares	0	0	27,511	27,511	0	0	33,340	33,340
1.2. Loans	0	0	0	0	0	0	0	0
2. Other non-current assets	**0**	**0**	**16,641**	**16,641**	**0**	**0**	**19,975**	**19,975**
2.1. Finance lease contracts	0	0	16,641	16,641	0	0	19,975	19,975
2.2. Other non-current receivables	0	0	0	0	0	0	0	0
3. Trade and other receivables	**0**	**0**	**5,318**	**5,318**	**0**	**0**	**4,117**	**4,117**
3.1. Trade receivables	0	0	1,984	1,984	0	0	1,243	1,243
3.2. Finance lease contracts	0	0	3,334	3,334	0	0	2,874	2,874
3.3. Other receivables	0	0	0	0	0	0	0	0
4. Cash and cash equivalents	**0**	**0**	**194,579**	**194,579**	**0**	**0**	**114,575**	**114,575**
5. Other current assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**0**	**0**	**20,181**	**20,181**	**0**	**0**	**34,077**	**34,077**
1. Interest-bearing liabilities (current and non-current)	**0**	**0**	**19,652**	**19,652**	**0**	**0**	**33,756**	**33,756**
1.1. Bank borrowings	0	0	0	0	0	0	0	0
1.2. Finance lease contracts	0	0	19,652	19,652	0	0	33,756	33,756
1.3. Bank overdrafts	0	0	0	0	0	0	0	0
1.4. Other borrowings	0	0	0	0	0	0	0	0
2. Trade and other payables	**0**	**0**	**238**	**238**	**0**	**0**	**28**	**28**
2.1. Trade payables	0	0	238	238	0	0	28	28
2.2. Other payables	0	0	0	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**291**	**291**	**0**	**0**	**293**	**293**
III. Transactions with related parties								
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**6,604**	**6,604**	**0**	**0**	**3,540**	**3,540**
4. Services received (-)	**0**	**0**	**-349**	**-349**	**0**	**0**	**-101**	**-101**
5. Financial income	**0**	**0**	**-1,571**	**-1,571**	**0**	**0**	**-1,552**	**-1,552**
6.Directors' and senior executives' remuneration			**1,884**	**1,884**			**1,925**	**1,925**
Short-term employee benefits			1,599	1,599			1,645	1,645
Post-employment benefits			285	285			280	280

Note 35. Segment information

Operating segments

Fluxys Belgium group carries out activities in the following operating segments: transmission, storage, LNG terminalling activities in Belgium and other activities.

The segment information is based on classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage at Loenhout in Belgium.

Terminalling activities comprise all activities subject to the Gas Actrelated to the LNG terminal at Zeebrugge in Belgium.

The segment ‘other activities’ comprises other services rendered by Fluxys Belgium group such as participating in the IZT and ZPT terminals[3] in Belgium and work for third parties.

The Fluxys Belgium group operates mainly in Belgium and does not therefore publish information by geographical sector.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments mainly relate to capacity reservations by one segment subject to the Gas Act with another.

They are valued on the basis of the regulated tariffs in force.

Information relating to the main customers

The group’s main customers are users of transmission and storage services and of the LNG terminal at Zeebrugge.

[3] Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT)

Segment income statement at 31-12-2014

In thousands of €

	Trans-mission	Storage	Terminalling	Other activities	Inter-segment transfers	Total
Operating revenue						
Sales and services to external customers	416,718	30,777	93,297	14,165	0	554,957
Transactions with other segments	10,008	5,909	7,469	7,953	-31,339	0
Sales of Gas related to balancing of operations and operational needs	39,057	864	472	0	0	40,393
Other operating income	3,295	5,798	937	7,843	0	17,873
Consumables, merchandise and supplies used	-1,869	-35	-37	-2,291	0	-4,232
Purchase of Gas related to balancing of operations and operational needs	-39,057	-864	-3,429	0	2,955	-40,395
Miscellaneous goods and services	-117,044	-9,101	-31,463	-9,331	28,384	-138,555
Employee expenses	-91,416	-8,855	-14,031	-3,126	0	-117,428
Other operating expenses	-16,201	-1,336	-2,330	-323	0	-20,190
Depreciation and amortisation	-110,519	-11,329	-24,985	-433	0	-147,266
Provisions for risks and charges	54	589	30	2,357	0	3,030
Impairment losses	-1,902	0	0	0	0	-1,902
Profit from continuing operations	**91,124**	**12,417**	**25,930**	**16,814**	**0**	**146,285**
Changes in the fair value of financial instruments	122	0	0	147	0	269
Financial income	303	37	4	2,850	0	3,194
Financial expenses	-44,258	-5,373	-1,797	-6,456	0	-57,884
Profit/loss from continuing operations after net financial result	**47,291**	**7,081**	**24,137**	**13,355**	**0**	**91,864**
Income tax expense						-31,427
Profit/loss for the period						**60,437**

Profit is down compared with 2013. This is attributable to the following factors :

- The interest rates used as reference to calculate the authorized return on the regulated assets are those of the ten-year Belgian government bonds issued by the Belgian State. The average rate for 2014 (1.73%) was lower than that for for 2013 (2.43%). This resulted in a drop of €16.2 million in profit.
- This impact is partly offset by the favorable impact of efficiency gains and the reduced impact of tariff decisions relating to previous fiscal years.
- Finally it must be noted that the renewal of a contract for the provision of facilities explains the drop in the profit of the 'Other activities' segment.

Segment balance sheet at 31-12-2014 In thousands of €

	Trans-mission	Storage	Terminalling	Other activities	Unallocated	Total
Property, plant and equipment	1,693,134	199,069	397,141	4,368	0	2,293,712
Intangible assets	11,721	15	204	0	0	11,940
Goodwill	0	0	0	0	0	0
Inventories	29,296	0	522	30	0	29,848
Other current financial assets	0	0	0	0	0	0
Financial lease receivables	0	0	0	19,975	0	19,975
Net trade receivables	59,958	4,087	1,308	4,755	0	70,108
Other assets					761,355	761,355
						3,186,938
Interest-bearing liabilities	1,494,565	138,087	139,075	184,488	0	1,956,215
Other current financial liabilities	0	0	0	0	0	0
Other liabilities	0	0	0	0	1,230,723	1,230,723
						3,186,938
Investments in tangible fixed assets for the fiscal year	63,797	3,057	27,205	348	0	94,407
Investments in intangible fixed assets for the fiscal year	2,371	0	193	0	0	2,564

Segment income statement at 31-12-2013 restated						In thousands of €
	Trans-mission	Storage	Terminal-ling	Other activities	Inter-segment transfers	Total
Operating revenue						
Sales and services to external customers	411,555	27,445	91,436	17,613	0	548,049
Transactions with other segments	10,348	5,243	5,899	7,993	-29,483	0
Sales of Gas related to balancing of operations and operational needs	66,583	1,773	3,669	0	0	72,025
Other operating income	2,855	4,788	1,941	10,875	921	21,380
Consumables, merchandise and supplies used	-1,218	-301	-44	-1,238	0	-2,801
Purchase of Gas related to balancing of operations and operational needs	-66,583	-1,773	-5,123	0	1,452	-72,027
Miscellaneous goods and services	-120,975	-11,602	-30,554	-19,031	29,983	-152,179
Employee expenses	-95,583	-9,974	-14,377	-5,407	0	-125,341
Other operating expenses	-5,851	-1,381	-2,109	-541	0	-9,882
Depreciation and amortisation	-106,625	-11,293	-23,697	-605	0	-142,220
Provisions for risks and charges	-1,231	9,781	251	13,804	-2,873	19,732
Impairment losses	-1,535	0	0	0	0	-1,535
Profit from continuing operations	**91,740**	**12,706**	**27,292**	**23,463**	**0**	**155,201**
Changes in the fair value of financial instruments	868			278		1,146
Financial income	148	18	6	2,213		2,385
Financial expenses	-43,490	-5,351	-2,904	-1,581		-53,326
Profit/loss from continuing operations after net financial result	**49,266**	**7,373**	**24,394**	**24,373**	**0**	**105,406**
Income tax expense						-36,788
Profit/loss for the period						**68,618**

Segment balance sheet at 31-12-2013 restated						In thousands of €
	Transmission	Storage	Terminalling	Other activities	Unallocated	Total
Property, plant and equipment	1,762,474	208,690	397,690	8,461	0	2,377,315
Intangible assets	16,066	88	20	0	0	16,174
Goodwill	0	0	0	0	0	0
Inventories	45,733	0	517	491	0	46,741
Other current financial assets	0	0	0	0	0	0
Financial lease receivables	0	0	0	22,849	0	22,849
Net trade receivables	53,069	4,653	1,639	1,834	0	61,195
Other assets					333,981	333,981
						2,858,255
Interest-bearing liabilities	1,110,120	135,583	129,802	212,579	0	1,588,084
Other current financial liabilities	122	0	0	0	0	122
Other liabilities					1,270,049	1,270,049
						2,858,255
Investments in tangible fixed assets for the fiscal year	57,155	3,877	39,367	260	0	100,659
Investments in intangible fixed assets for the fiscal year	7,481	0	0	0	0	7,481

Note 36. Directors’ and senior executives’ remuneration

Pursuant to Article 11 of the Articles of Association, the Board of Directors of Fluxys Belgium SA comprises at least three and no more than 24 non-executive directors. Furthermore, the ‘special share’ grants to the Minister the right to appoint two representatives of the federal government in the Board of Directors. Currently, one representative of the federal government attends the meetings of the Board of Directors and the Strategic Committee.

The General meeting has decided to bring the total maximum fees of the directors and government representatives to €360,000 indexed (value 1 January 2007), to be allocated by the Board of Directors amongst its members, and to grant an attendance fee of €250 per meeting of the Board of Directors and the committees.

Pursuant to Article 17.5 of the Articles of Association of Fluxys Belgium, the Board of Directors is authorised to pay a special remuneration to directors who carry out special duties for the entity. The Board also has the right to reimburse travel expenses and costs incurred by the members of the Board of Directors.

The Fluxys Belgium group has not granted any loans to directors; in addition, the directors have not entered into unusual or abnormal transactions with the group. No shares or share options have been granted to the directors.

For further information, the reader should refer to the Corporate Governance Declaration in the management report and to Note 34 ‘Related parties’ for the breakdown of remuneration by category.

Note 37. Subsequent events

Long-term contracts for LNG transshipment services at Zeebrugge

In early 2015, Fluxys LNG has probed interest in the market for transshipment services at the Zeebrugge LNG Terminal. These services allow to unload large LNG cargo into a storage tank at Zeebrugge before being charged on an LNG tanker. The entire transhipment offer, concerning 214 mooring rights per year and 180,000 m³ of LNG storage capacity, has been reserved by Yamal LNG for 20 years.

Yamal LNG is currently building an LNG production terminal and the first liquefaction facility will become operational in 2017. The transshipment services reserved at Fluxys LNG will constitute an integral part of the supply chain for delivering LNG throughout the year from Yamal to Asia-Pacific, including in winter when navigating in the Arctic Ocean is impassable along the Northern Sea Route.

Fluxys will offer an initial package of services, including ship to ship transfers, as soon as the extension of the LNG terminal compression capacity is completed. The additional storage capacity will be offered once the construction of a fifth storage tank and related facilities is completed, of which the commissioning is expected in 2019.

Aligned sales processes Fluxys Belgium – IUK

In January 2015, Interconnector (UK) Limited (IUK) and Fluxys Belgium have launched aligned sales processes for grid users who wish to transmit gas for a maximum period of 12 years in the Interconnector line and in the neighboring Belgian network, in the Netherlands, Germany and France. This joint initiative is an opportunity for grid users to adjust their cross-border capacity portfolio to best meet their needs as from October 2018. The aligned sales process will end in May 2015.

IV. IV. Statutory auditor’s report to the shareholders’ meeting on the consolidated financial statements for the year ended 31 December 2014

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 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Fluxys Belgium NV/SA (“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 statement of financial position shows total assets of 3.186.938 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 60.437 (000) 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.

Unqualified opinion

In our opinion, the consolidated financial statements of Fluxys Belgium NV/SA give a true and fair view of the group’s net equity and financial position as of 31 December 2014, 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, 3 April 2015

The statutory auditor
DELOITTE Bedrijfsrevisoren / Reviseurs d’Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

3.3. Statutory accounts of Fluxys Belgium SA according to Belgian GAAP

Given the significance of the equity as well as the revenue of the parent entity in the consolidated financial statements, the publication of the detailed version of the annual accounts and the notes to the accounts in this brochure would, in the majority of cases, be redundant given the explanations found in the consolidated accounts.

Pursuant to Article 105 of the Companies Code, it has therefore been decided to present an abridged version of the annual accounts of Fluxys Belgium SA.

The statutory auditor issued an unqualified audit opinion on the annual accounts of Fluxys Belgium SA.

The annual accounts of Fluxys Belgium SA and the auditor’s report have been filed with the National Bank of Belgium. They are available on the Fluxys Belgium website (www.fluxys.com/belgium) and can also be obtained free of charge upon request at the following address:

Fluxys Belgium SA
Communication Department
Avenue des Arts 31, 1040 Brussels, Belgium

I. Balance sheet

Assets		In thousands of €
	31-12-2014	31-12-2013
Fixed assets	**2,089,157**	**2,161,744**
Formation expenses	2,082	894
Intangible fixed assets	11,736	16,154
Tangible fixed assets	1,0990,400	2,059,741
Financial fixed assets	84,939	84,955
Current assets	**657,062**	**261,047**
Amounts receivable after more than one year	0	0
Stock and contracts in progress	29,326	46,224
Amounts receivable within one year	74,893	70,398
Current investments	351,191	1,200
Cash at bank and in hand	181,816	110,878
Deferred charges and accrued income	19,836	32,347
Total	**2,746,219**	**2,422,791**

Equity and liabilities		In thousands of €
	31-12-2014	31-12-2013
Equity	**764,326**	**810,083**
Capital	60,272	60,272
Share premium account	38	38
Revaluation surpluses	583,516	630,816
Reserves	34,090	24,486
Accumulated profits	39,668	45,086
Capital subsidies	46,742	49,385
Provisions and deferred taxes	**34,311**	**39,034**
Provisions for risks and charges	8,656	11,967
Deferred taxes	25,655	27,067
Amounts payable	**1,947,582**	**1,573,674**
Amounts payable after more than one year	1,081,822	1,123,936
Amounts payable within one year	548,278	183,033
Deferred charges and accrued income	317,482	266,705
Total	**2,746,219**	**2,422,791**

II. Income statement

Income statement	In thousands of €	
	31-12-2014	31-12-2013
Operating income	553,340	573,975
Operating charges	440,947	450,985
Operating profit	**112,393**	**122,990**
Financial income	26,450	26,041
Financial charges	51,680	50,921
Net financial income	**-25,230**	**-24,880**
Profit on ordinary activities before taxes	**87,163**	**98,110**
Extraordinary income	4	12
Extraordinary charges	0	0
Net extraordinary income / (expense)	**4**	**12**
Profit for the period before taxes	**87,167**	**98,122**
Transfer from deferred taxes	**1,412**	**1,529**
Income taxes	**-40,794**	**-43,923**
Profit for the period	**47,785**	**55,728**
Transfer from untaxed reserves	**100**	**100**
Profit for the period available for appropriation	**47,885**	**55,828**

III. Appropriation account

Appropriation account		In thousands of €
	31-12-2014	31-12-2013
Profit to be appropriated	**92,971**	**102,647**
Profit for the period available for appropriation	47,885	55,828
Profit carried forward from the previous period	45,086	46,819
Transfer from equity	**40,717**	**41,449**
From reserves	40,717	41,449
Transfer to equity	**9,704**	**6,262**
To the legal reserve	0	0
To the other reserves	9,704	6,262
Result to be carried forward	**39,668**	**45,086**
Profit to be carried forward	39,668	45,086
Profit to be distributed	**84,316**	**92,748**
Dividends	84,316	92,748
If the above proposal is accepted and taking tax requirements into account, the annual dividend, net of withholding tax, will be:	0.90€	0.99€

In 2014, no advance on the dividend was paid. The gross unit dividend to be paid out for fiscal year 2014 is €1.20 per split share (€0.90 net). It will be payable from 19 May 2015.

IV. Capital at the end of the period

Capital at the end of the period	
	31-12-2014
Subscribed capital (in thousands of €)	
At the end of the previous period	60,272
At the end of the period	60,272
Capital represented by	
Registered shares	62,213,399
Dematerialised shares	8,044,602
Bearer shares	5,500*

Shareholder structure				
Declarant	Date of declaration	Share category	Number of voting rights declared	%
Fluxys	29-08-2014	B/D	63,217,100	89.97

The Belgian State holds one specific share.

(*)Fluxys Belgium has introduced a notice of sale of their shares published in Belgian Official Gazette of 19 March 2015, following the cancellation of bearer shares.

V. Income taxes

Income taxes	In thousands of €
	31-12-2014
Breakdown of heading 670/3*	
Income taxes on the result of the current period	**40,987**
Taxes and withholding taxes due or paid	39,025
Excess of income tax prepayments	0
Estimated additional taxes	1,962
Income taxes on previous periods	**12**
Additional taxes due or paid	12
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**87,167**
Permanent differences:	**33,417**
Definitively taxed income	-21,820
Non-deductible expenses	8,500
Notional interest	0
Taxable reserves	45,225
Depreciation of financial fixed assets	0
Transfer from untaxed reserves	100
Transfer from deferred taxes	1,412
Total	**120,584**

** The regularisation of taxes (accounts 77) for an amount of € -205 thousand in 2014 is not registered in this item.*

VI. Workforce

ONSS N°: 030012851238
Joint Commission N°: 326

Headcount

A. Employees recorded in the personnel register

1a. During the current period	Total	Men	Women
Average number of employees			
Full-time	884.2	747.5	136.7
Part-time	102.5	44.4	58.1
Total in full-time equivalents (FTE)*	961.2*	780.5*	180.7*
Numbers of hours actually worked			
Full-time	1,301,550	1,108,205	193,345
Part-time	114,860	48,644	66,216
Total	1,416,410	1,156,849	259,561
Personnel costs			
Full-time	105,520,789	91,936,569	13,584,220
Part-time	9,024,435	4,281,419	4,743,016
Total	114,545,224	96,217,988	18,327,236
Advantages in addition to wages	1,587,558	1,333,549	254,009

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)*	1,010.9*	810.6*	200.3*
Numbers of hours actually worked	1,480,325	1,200,257	280,068
Personnel costs	120,078,883	100,866,262	19,212,621
Advantages in addition to wages	1,654,693	1,389,942	264,751

** full-time equivalents*

2.At the closing of the period

	Full-time	Part-time	Total FTE*
a. Number of employees	864	105	942.,9
b. By nature of the employment contract			
Contract for an indefinite period	842	105	920.9
Contract for a definite period	22	0	22.0
Contract for execution of a specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. According to gender and study level			
Men	733	49	769.4
Primary education	0	0	0.0
Secondary education	326	27	346.4
Higher non-university education	183	8	189.1
University education	224	14	233.9
Women	131	56	173.5
Primary education	0	0	0.0
Secondary education	33	18	46.3
Higher non-university education	54	32	78.8
University education	44	6	48.4
d. By professional category			
Manager staff	274	20	288.7
Employees	590	85	654.2
Workers	0	0	0.0
Others	0	0	0.0

** full-time equivalent*

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Persons placed at the enterprise's disposal
Average number of persons employed	5.1	0,0
Numbers of hours actually worked	10,165	0
Costs for the enterprise	240,670	0

Table of movements in personnel during the period

	Full-time	Part-time	Total FTE *
Entries			
a. Number of employees recorded in the personnel register during the year	23	0	23.0
b. By nature of the employment contract			
Contract for an indefinite period	9	0	9.0
Contract for a definite period	14	0	14.0
Contract for execution of a specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Departures			
a. Number of employees whose date of leaving is recorded in the personnel register during the year	68	4	71.1
b. By nature of the employment contract			
Contract for an indefinite period	46	4	49.1
Contract for a definite period	22	0	22.0
Contract for execution of a specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By reason of termination of contract			
Retirement	15	0	15.0
Unemployment with extra allowance from enterprise	0	0	0.0
Dismissal	7	3	9.3
Other reason	46	1	46.8
The number of persons who continue to render services to the enterprise at least half-time on a self-employed basis	0	0	0.0

** full-time equivalent*

Information on training provided to employees during the period

	Men	Women
Total of initiatives of formal professional training at the expense of the employer		
Number of employees involved	716	154
Numbers of actual training hours	26,429	2,609
Net costs for the enterprise	3,943,640	387,173
Of which gross costs directly linked to training	3,943,640	387,173
Of which fees paid and payments to collective funds	0	0
Of which grant and other financial advantages received (to deduct)	0	0
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	319	65
Numbers of actual training hours	3,540	517
Net costs for the enterprise	338,774	47,181
Total of initiatives initial professional training at the expense of the employer		
Number of employees involved	0	0
Numbers of actual training hours	0	0
Net costs for the enterprise	0	0

BOARD OF DIRECTORS

Daniël Termont, *Chairman of the Board of Directors and Vice-Chairman of the Strategy Committee*

Claude Grégoire, *Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*

Marianne Basecq *

Valentine Delwart *

Hélène Deslauriers *

Mireille Deziron

André Farber *, *Chairman of the Corporate Governance Committee*

Luc Hujoel

Luc Janssens

Ludo Kelchtermans, *Chairman of the Audit Committee*

Eric Lachance

Monique Lievens *

Patrick Moenaert

Renaud Moens

Walter Nonneman *

Josly Piette

Henriette Van Caenegem *

Christian Viaene, *Chairman of the Appointment and Remuneration Committee*

Sandra Wauters *

Luc Zabeau

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

Pascal De Buck, *Chairman of the Executive Board and CEO, invited in an advisory capacity*

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

•*Independent director under the provisions of the Gas Act*

STRATEGY COMMITTEE

Claude Grégoire, *Chairman*

Daniël Termont, *Vice-Chairman*

Valentine Delwart

Luc Hujoel

Eric Lachance

Patrick Moenaert

Walter Nonneman

Sandra Wauters

Christian Viaene, *observer acting in an advisory capacity*

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

Pascal De Buck, *Chairman of the Executive Board and CEO, invited in an advisory capacity*

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

AUDIT COMMITTEE

Ludo Kelchtermans, *Chairman*

Marianne Basecq

André Farber

Eric Lachance

Renaud Moens

Henriette Van Caenegem

Sandra Wauters

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

CORPORATE GOVERNANCE DECLARATION

CORPORATE GOVERNANCE COMMITTEE

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

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

APPOINTMENT AND REMUNERATION COMMITTEE

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

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

COMPANY MANAGEMENT

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

Pascal De Buck, Chairman of the Executive Board and Chief Executive Officer
Peter Verhaeghe, member of the Executive Board and Chief Technical Officer
Paul Tummers, member of the Executive Board and Chief Financial Officer

The Executive Board is assisted by the following members of management, with whom they form the *Executive Committee*:
Huberte Bettonville, Director Commercial Regulated
Gérard Kimus, Director Planning & ICT
Anne Vander Schueren, Director Human Resources
Rafael Van Elst, Director Installations & Grid
Carlo van Eysendyck, Director Construction, Engineering & Gas Flow

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

THIS IS AN OVERVIEW OF THE COMPOSITION OF THE CORPORATE BODIES ON 25 MARCH 2015.

Corporate Governance Declaration: contents

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

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

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

4.1. Developments in 2014

Changes in the composition of the Board of Directors. At the Annual General Meeting on 13 May 2014 the terms of office of directors Ludo Kelchtermans and Josly Piette were renewed for a period of six years, until the Annual General Meeting in 2020. André Farber's term of office as an independent director was renewed for a period of two years, until the Annual General Meeting in 2016. The procedure for renewing terms of office on the Appointment and Remuneration Committee and the Corporate Governance Committee was complied with.

Pursuant to an opinion issued by the Appointment and Remuneration Committee, Renaud Moens was coopted by the Board of Directors on 24 September 2014 to take over the directorship of Jean-Jacques Cayeman, who resigned with effect on 25 August 2014. Pursuant to an opinion issued by the Appointment and Remuneration Committee, Eric Lachance was also coopted by the Board of Directors with effect on 24 September 2014 to take over the directorship of Yves Rheault, who resigned with effect on 24 September 2014. The next Annual General Meeting will decide on their definitive appointment.

Government commissioner. Mr Aart Geens tendered his resignation as government commissioner on the Board of Directors of Fluxys Belgium, effective 1 October 2014.

Changes to the Corporate Governance Charter. The Fluxys Belgium Corporate Governance Charter was modified as follows:

- Duration of directorships and age limits: Fluxys Belgium is keeping the duration of directorships at six years and so does not apply the rule recommended by the 2009 Corporate Governance Code for the duration of directorships (4-year duration). This term is justified by the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas system operator.
- Option for the advisory committees to meet via teleconference or videoconference. In extraordinary cases where urgency and the interest of the company require it, the decisions of the committees are taken in writing and by unanimous agreement of the directors;
- Introduction of a code of conduct that describes the internal policy of Fluxys Belgium on transactions involving company shares and/or other company financial instruments.

Change in the composition of the Executive Board. On 24 September 2014 the Board of Directors unanimously decided to appoint Pascal De Buck as chairman of the Executive Board and Chief Executive Officer, effective 1 January 2015. Walter Peeraer's appointment as Managing Director and Chief Executive Officer of parent company Fluxys NV was extended by one year (until May 2016).

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

Appointment and replacement of directors. The directors are appointed by the Annual General Meeting for no more than six years and can be dismissed by the Annual General Meeting.

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

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

4.3. Board of Directors

4.3.1. Composition of the Board of Directors

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

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

At least half of the directors must be fluent in Dutch and the other half in French.

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

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

Directors

Daniël Termont *Chairman of the Board of Directors and Vice-Chairman of the Strategy Committee*
Daniël Termont is the Mayor of Ghent and Chairman of Publigas. He was appointed director in May 1998 pursuant to a nomination by Publigas and his directorship will expire at the Annual General Meeting in May 2015.

Jean-Jacques Cayeman Director (until 25 August 2014)
Jean-Jacques Cayeman has a degree in business and is Financial Director for the intermunicipal economic development company IGRETEC, which also manages the stakes held in energy companies by towns and communities in Hainaut province. He was also an advisor to the Chairman of ORES. He holds directorships in several organisations in the energy sector. He was appointed director in May 2010 pursuant to a nomination by Publigas. He tendered his resignation as a director of Fluxys Belgium, effective 25 August 2014.

Mireille Deziron *Director*
Mireille Deziron is CEO of Jobpunt Vlaanderen (Flanders Jobsite). She was appointed director in June 2009 pursuant to a nomination by Publigas. Her current directorship will expire at the Annual General Meeting in May 2015.

Claude Grégoire *Director, Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*
Claude Grégoire is a civil engineer and CEO of Socofe. He was appointed director in October 1994 pursuant to a nomination by Publigas. His current directorship will expire at the Annual General Meeting in May 2018.

Luc Hujoel *Director*
Luc Hujoel holds a Master's degree in economics and is Director-General of the intermunicipal company Sibelga and Brussels Network Operations. He was appointed director in May 2009 pursuant to a nomination by Publigas and his current directorship will expire at the Annual General Meeting in May 2015.

Luc Janssens *Director*
Luc Janssens holds a degree in law and is a lawyer with Elegis – Huybrechts, Engels, Craen en vennoten in Antwerp. He is also an alderman in Kapellen. He was appointed director in May 2008 pursuant to a nomination by Publigas and his current directorship will expire at the Annual General Meeting in May 2015.

Ludo Kelchtermans *Director, Chairman of the Audit Committee*
Ludo Kelchtermans has a degree in economics and is partner/accountant at Foederer DFK Belgium, an independent firm specialising in audit, accounting, tax law and consultancy. He is the general manager of Nutsbedrijven Houdstermaatschappij (NUHMA) and a member of the audit committee of Aspiravi. He was appointed director in June 2012 pursuant to a nomination by Publigas. His current directorship will expire at the Annual General Meeting in May 2020.

Eric Lachance *Director* (since 24 September 2014)
Eric Lachance has a degree in business, finance and economics from McGill University and has been an authorised financial analyst since 2000. He is the regional manager for Europe at CDP Capital France, a subsidiary of Caisse de dépôt et placement du Québec. He leads the team overseeing the investments made by the Caisse in the infrastructure sector in Europe. He was coopted as director by the Board of Directors, effective 24 September 2014, pursuant to a nomination by CDPQ. His directorship will be pronounced definitive by the next Annual General Meeting. His current directorship will expire at the Annual General Meeting in May 2017.

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

Renaud Moens *Director* (since 24 September 2014)
Renaud Moens has a degree in business from Ecole de Commerce Solvay at ULB. He is a director at Sambrinvest and Director-General of the Directorate-General for the Budget and Finance at the Ministry of the Wallonia-Brussels Federation, where he is also a member of the Management Committee. He is an expert of the municipal council of Charleroi and, since March 2015, has been the general manager of IGRETEC. He was coopted as director by the Board of Directors, effective 24 September 2014, pursuant to a nomination by Publigas. His directorship will be pronounced definitive by the next Annual General Meeting. His current directorship will expire at the Annual General Meeting in May 2016.

Josly Piette *Director*
Josly Piette holds degrees in industrial sociology and economic and social policy. He is Mayor of Bassenge, Honorary General Secretary of the *Confédération des Syndicats Chrétiens* (Confederation of Christian trade unions) and a director of Socofe and Publigas. He was appointed director in June 2009 pursuant to a nomination by Publigas. His current directorship will expire at the Annual General Meeting in May 2020.

Yves Rheault *Director (until 24 September 2014)*
Yves Rheault holds bachelor's degrees in arts and business and a master's degree in school administration. He has served – and still serves – as a director for several companies and chairs the Boards of various companies in the energy sector. He is currently an adviser at the Caisse de Dépôt et Placement du Québec. He was appointed director in May 2012 pursuant to a nomination by Caisse de dépôt et placement du Québec and tendered his resignation as director of Fluxys Belgium effective 24 September 2014.

Christian Viaene *Director, Chairman of the Appointment and Remuneration Committee*
Christian Viaene is a commercial engineer and holds a degree in applied economics. He is Director-General of the Brussels intermunicipal gas and electricity companies and is General Secretary of Publigas. He was appointed director in March 2005 pursuant to a nomination by Publigas. His current directorship will expire at the Annual General Meeting in May 2015.

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

Independent directors under the provisions of the Gas Act:

Marianne Basecq *Director*
Marianne Basecq holds a degree in business administration with additional training in public management. She is a General Advisor for the holding Socofe SA. She was appointed independent director in May 2007 pursuant to a nomination by Publigas. Her current directorship expires at the Annual General Meeting in May 2019.

Valentine Delwart *Director*
Valentine Delwart has a law degree and took a Master in European Law. She is Alderwoman for Social Affairs in Uccle and since March 2011 has been Secretary-General of the political party Mouvement Réformateur. She is also a director of NMBS/SNCB. She was appointed independent director in May 2013 pursuant to a nomination by the Board of Directors and upon the advice of the relevant advisory committees. Her current directorship expires at the Annual General Meeting in May 2019.

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

André Farber *Director, Chairman of the Corporate Governance Committee*
André Farber holds a PhD in applied economics and is a professor emeritus at the Université Libre de Bruxelles. He was appointed director in December 2003 and an independent director by the Extraordinary General Meeting of 14 January 2004. He was confirmed as an independent director by the Board of Directors pursuant to a nomination by the Appointment and Remuneration Committee. His directorship will expire at the Annual General Meeting in May 2016.

Monique Lievens *Director*
Monique Lievens holds a degree in economics and specialised in business economics. She is Human Resources Advisor at the National Bank of Belgium and was appointed as an independent director in May 2007 pursuant to a nomination by Publigas. Her current directorship will expire at the Annual General Meeting in May 2019.

Walter Nonneman *Director*
Walter Nonneman is a professor emeritus of economics at the University of Antwerp and a director of a financial holding and of several associations. He holds a PhD in applied economics from UFSIA and also studied at the Harvard Graduate School of Business Administration. Walter Nonneman was appointed independent director in May 2009 pursuant to a nomination by the Appointment and Remuneration Committee and his current directorship will expire at the Annual General Meeting in May 2015.

Henriette Van Caenegem *Director*
Henriette Van Caenegem holds a degree in law and until the end of 2013 was Chief Legal Officer of Tessenderlo Group, a chemicals multinational headquartered in Belgium. Since then, she has been active as an independent legal advisor and project manager for acquisition and divestment projects. She was appointed independent director in May 2006 and her appointment as an independent director was confirmed by the Board of Directors upon the advice of the relevant advisory committees. Her directorship will expire at the Annual General Meeting in May 2018.

Sandra Wauters *Director*
Sandra Wauters holds a Phd in Chemical Engineering from the University of Ghent. She is Environmental Manager at BASF Antwerp where she is in charge of coordinating energy and climate-related matters. She was appointed independent director in May 2013 pursuant to a nomination by the Board of Directors and upon the advice of the relevant advisory committees. Her current directorship expires at the Annual General Meeting in May 2019.

Federal government representatives

François Fontaine

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

Aart Geens (until 1 October 2014)

He holds a degree in history and a Masters in international relations. He was appointed as the Dutch-speaking federal government commissioner on the Board of Directors of Fluxys Belgium pursuant to the Royal Decree of 14 December 2012, which entered into force on 14 January 2013. He had specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 21 of the Articles of Association and in the Corporate Governance Charter. He was an advisor to the policy unit of the Secretary of State for Energy and was appointed as the federal government representative by the Energy Minister. He tendered his resignation as government commissioner on the Board of Directors of Fluxys Belgium, effective 1 October 2014.

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

Presence of the Chairman of the Executive Board

As Chairman of the Executive Board, Walter Peeraer was, in 2014, routinely invited to attend meetings of the Board of Directors and the advisory committees in an advisory capacity.
As Chairman of the Executive Board since 1 January 2015, Pascal De Buck is routinely invited to attend meetings of the Board of Directors and the advisory committees.

Secretariat

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

4.3.2. Activity report

Issues examined

The members of the Board seek to adopt decisions by consensus. In 2014, the Board addressed the following main issues:

- The strategy of Fluxys Belgium and Fluxys, including European developments and strategic alliances
- the budget for 2014-2016
- The 10-year investment programme (2015-2024)
- Medium-Term Plan 2015-2023
- HSEQ policy
- The preparation of the company's annual and half-yearly accounts and those of its subsidiaries, as well as associated press releases
- The drafting of the annual financial report for the financial year 2013 and the half-yearly financial report as at 30 June 2014
- The drafting of interim statements to be released on 13 May and 19 November 2014
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
    - Yamal LNG
    - Market integration Belux

    - Storage capacity
    - Alveringem-Maldegem pipeline
    - L-gas to H-gas conversion
- Changes in the legal and regulatory framework, including:
    - The preparation for the new tariff period, the approval of tariffs for LNG transshipment services and the implementation of the tariff agreement in 2015
    - Gas Act: draft of changes
    - Elections in 2014 and the formation of the new government
    - Huberator regulations and the establishment of the 524 Committee
    - Keeping abreast of developments in disputes and legal action brought in order to safeguard the company's interests;
    - Reform of the federal contribution
    - Tariff Network Code
    - Standard agreements, access codes and service programmes;
    - Royal Decree on safety;
- The Fluxys LNG tariff proposal
- Commercial activities, including the market for natural gas storage, the evolution toward short-term contracts and the situation of gas-fired power production in Belgium
- Geopolitical context of natural gas
- Security of supply during winter 2014-2015
- The ramifications of the case surrounding the Ghislenghien accident
- Convening the Annual General Meeting
- Changes in the composition of the Board of Directors and the advisory committees
- Changes in the composition of the Executive Board
- Changes to the Corporate Governance Charter
- Examination of reports by the Strategy Committee, the Audit Committee, the Appointment and Remuneration Committee and the Corporate Governance Committee
- Examination of the report of the Board of Directors of Fluxys LNG.
- Organisation and *succession planning* at Fluxys Belgium and the monitoring of an efficiency programme
- The procedure for evaluating the Board of Directors and the committees
- Approval of work and supply orders
- Flux Re investment policy
- Private placement of bonds

Operation

The Board of Directors may only deliberate and adopt decisions when at least half of the directors are either present or represented. Decisions by the Board of Directors are taken by a simple majority of votes cast by directors present or represented.

Frequency of meetings and attendance levels

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

4.4. Committees formed by the Board of Directors

4.4.1. Strategy Committee

Composition of the Strategy Committee

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

Chairman
Claude Grégoire

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

Members
Valentine Delwart*
Luc Hujoel
Eric Lachance*(since 24 September 2014)*
Patrick Moenaert
Walter Nonneman*
Yves Rheault *(until 24 September 2014)*
Sandra Wauters*

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

Federal government representatives acting in an advisory capacity
François Fontaine
Aart Geens *(until October 2014)*

Invited in an advisory capacity
As Chairman of the Executive Board, Walter Peeraer was, in 2014, routinely invited to attend meetings of the Strategy Committee.
As Chairman of the Executive Board since 1 January 2015, Pascal De Buck is routinely invited to attend meetings of the Strategy Committee.
Christian Viaene, Director

Secretariat

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

Issues examined

The Strategy Committee was set up within the Board of Directors in accordance with Article 17.3 of the Articles of Association. It has no decision-making powers but is responsible for preparing draft decisions to be submitted to the Board of Directors for approval in accordance with the applicable legal, regulatory and statutory provisions. Within this framework, the Strategy Committee also monitors implementation of the Board's decisions. The members of the Strategy Committee seek to adopt decisions by consensus. In 2014, the Strategy Committee addressed the following issues:

- The strategy of Fluxys Belgium and Fluxys, including European developments and strategic alliances
- The 10-year investment programme (2015-2024)
- Medium-Term Plan 2015-2023
- HSEQ policy
- Projects and research into projects related to the continuing development of the group's activities in Belgium, including:
    - Yamal LNG
    - Market integration Belux
    - Storage capacity
    - Alveringem-Maldegem pipeline
    - L-gas to H-gas conversion
- Changes in the legal and regulatory framework, including:
    - Preparations for the new tariff period, the approval of tariffs for LNG transshipment services and the implementation of the tariff agreement in 2015
    - Gas Act: draft of changes
    - Elections in 2014 and the formation of the new government
    - Reform of the federal contribution
    - Keeping abreast of developments in disputes and legal action brought in order to safeguard the company's interests;

- Tariff Network Code
  - Standard agreements, access codes and service programmes;
  - Royal Decree on safety;
- Commercial activities, including the market for natural gas storage, the evolution towards short-term contracts and the situation of gas-fired power production in Belgium
- Restructuring of the Royal Association of Belgian Gas Companies (KVBG/ARGB)
- Risk management
- Security of supply during winter 2014-2015
- The ramifications of the case surrounding the Ghislenghien accident
- Monitoring the efficiency programme
- Commercial activities and grid operation
- Information relating to operation and safety
- The company's financial situation

Operation

Decisions by the Strategy Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Strategy Committee functions, please consult Annex IV of the Corporate Governance Charter – Strategy Committee Rules of Internal Procedure (www.fluxys.com).

Frequency of meetings and attendance levels

The Strategy Committee met seven times in 2014. Director attendance at Strategy Committee meetings in 2014 was as follows:

	Attendance
Claude Grégoire	7 out of 7 meetings
Daniël Termont	5 out of 7 meetings
Valentine Delwart	5 out of 7 meetings
Luc Hujoel	4 out of 7 meetings
Eric Lachance	2 out of 3 meetings
Patrick Moenaert	3 out of 7 meetings
Walter Nonneman	7 out of 7 meetings
Yves Rheault	5 out of 5 meetings
Christian Viaene	7 out of 7 meetings
Sandra Wauters	6 out of 7 meetings

4.4.2. Audit Committee

Composition of the Audit Committee

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

Chairman
Ludo Kelchtermans

Members
Marianne Basecq*
Jean-Jacques Cayeman *(until 25 August 2014)*
André Farber*
Eric Lachance *(since 24* September 2014*)*
Renaud Moens *(since 24* September 2014*)*
Yves Rheault *(until 24* September *2014)*
Henriette Van Caenegem*
Sandra Wauters*

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

Accounting and auditing expertise of the independent directors on the Audit Committee[1]
Marianne Basecq:
- Graduate in business administration (commerce and management) from the University of Liège, majoring in finance; she subsequently undertook additional training in the consolidation of corporate accounts;
- She is a member of various audit committees and the Appointment and Remuneration Committee.
- She is a director at various companies in the environmental and renewable energy sectors.

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

André Farber:

- Holder of a PhD in applied economics and emeritus professor at the Université Libre de Bruxelles (Brussels Free University);
- University lecturer in finance for over 30 years and formerly interim Accounting Director for the Université Libre de Bruxelles. Chairman of the Board of Directors of a Belgian bank, at which he also chaired the financial risks monitoring committee and was a member of the bank's audit committee.

Henriette Van Caenegem:

- Holds a law degree from Ghent University and a Master of Laws (LL M. Cantab, Cambridge)
- As a corporate lawyer, risk management is one of her key roles, while as former General Counsel for UCB and Chief Legal Officer for Tessenderlo Group and as a project manager for mergers and acquisitions she is well versed in the financial aspects of company management, having handled numerous takeovers; risk management has long been one of her main tasks.

Sandra Wauters:

- PhD in chemical engineering
- In her operations role at BASF Antwerp, she has acquired experience in HAZOP studies and technical risk assessments.

Secretariat

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

Issues examined

The Audit Committee was set up within the Board of Directors to assist the latter. It has the powers assigned to an audit committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Audit Committee seek to adopt decisions by consensus. In 2014, the Committee addressed the following main issues:

- The company's accounts as at 31 December 2013 and 30 June 2014 as well as associated press releases (financial part)
- The annual financial report for 2013 and the half-yearly report as at 30 June 2014;
- The principles governing the closing of accounts
- Interim statements released on 13 May and 19 November 2014
- Examination of the auditor's work
- Examining the internal control and risk management system
- Goals, timetable and activities of the internal audit in 2014
- The internal audit schedule for 2015
- The technical audit team's audit plan
- Following up on the recommendations made in the wake of the internal audit in 2013;
- Presentation of the 2014 data sheets of Fluxys Belgium SA subsidiaries.
- Risk management
- Private placement of bonds

Operation

Decisions by the Audit Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Audit Committee functions, please consult Annex II of the Corporate Governance Charter – Audit Committee Rules of Internal Procedure (www.fluxys.com)

Frequency of meetings and attendance levels

The Audit Committee met four times in 2014. Director attendance at Audit Committee meetings in 2014 was as follows:

	Attendance
Ludo Kelchtermans	4 out of 4 meetings
Marianne Basecq	4 out of 4 meetings
Jean-Jacques Cayeman	2 out of 2 meetings
André Farber	4 out of 4 meetings
Eric Lachance	1 out of 1 meeting
Renaud Moens	1 out of 1 meeting
Yves Rheault	3 out of 3 meetings
Henriette Van Caenegem	3 out of 4 meetings
Sandra Wauters	3 out of 4 meetings

4.4.3. Appointment and Remuneration Committee

Composition of the Appointment and Remuneration Committee

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

Chairman
Christian Viaene

Members
Marianne Basecq*
Valentine Delwart*
Hélène Deslauriers*
Mireille Deziron
Luc Hujoel
Walter Nonneman*

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

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

Issues examined

The Appointment and Remuneration Committee was set up within the Board of Directors to assist it in all matters concerning the appointment and remuneration of directors and members of management. It has the powers assigned to a remuneration committee by law as well as any other powers that may be assigned to it by the Board of Directors. The members of the Appointment and Remuneration Committee seek to adopt decisions by consensus. In 2014, the Appointment and Remuneration Committee addressed the following main issues:

- The compilation of the draft remuneration report
- The opinion on the appointment of new directors

- The opinion on the reappointment of (independent) directors whose directorship had expired
- The opinion on the appointment of a new member of the Executive Board
- The opinion on the appointment of a new chairman of the Executive Board
- The objectives for the Chairman and members of the Executive Board
- The evaluation of the Chairman and members of the Executive Board
- The recommendation as regards remuneration of the Chairman of the Executive Board (fixed and variable remuneration)
- The recommendation as regards remuneration of the other members of the Executive Board (fixed and variable remuneration) based on a proposal by the Chairman of the Executive Board
- The organisation and *succession planning* at Fluxys Belgium

Operation

Decisions by the Appointment and Remuneration Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Appointment and Remuneration Committee functions, please consult Annex III of the Corporate Governance Charter – Appointment and Remuneration Committee Rules of Internal Procedure (www.fluxys.com).

Frequency of meetings and attendance levels

The Appointment and Remuneration Committee met four times in 2014 and, on one occasion, took a decision with unanimous written agreement of the directors, in accordance with the internal rules of procedure. Director attendance at Appointment and Remuneration Committee meetings in 2014 was as follows:

	Attendance
Christian Viaene	4 out of 4 meetings
Marianne Basecq	4 out of 4 meetings
Valentine Delwart	3 out of 4 meetings
Hélène Deslauriers	4 out of 4 meetings
Mireille Deziron	3 out of 4 meetings
Luc Hujoel	4 out of 4 meetings
Walter Nonneman	4 out of 4 meetings

4.4.4. Corporate Governance Committee

Composition of the Corporate Governance Committee

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

Chairman
André Farber*

Members
Valentine Delwart*
Hélène Deslauriers*
Luc Janssens
Monique Lievens*
Henriette Van Caenegem*
Luc Zabeau

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

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

Issues examined

The Corporate Governance Committee was set up within the Board of Directors in order to carry out the tasks conferred upon it by the Gas Act. The members of the Corporate Governance Committee seek to adopt decisions by consensus. In 2014, the Corporate Governance Committee addressed the following main issues:

- Preparation of the 2013 annual report by the Corporate Governance Committee drafted on the basis of Article 8/3 section 5, 3 of the Gas Act
- The opinion on the reappointment of an independent director whose directorship had expired

- The opinion on the appointment of a new member of the Executive Board
- The opinion on the appointment of a new chairman of the Executive Board

Operation

Decisions by the Corporate Governance Committee are adopted by a simple majority of votes cast by those members present or represented, in line with their assigned powers. For detailed information on how the Corporate Governance Committee functions, please consult Annex I of the Corporate Governance Charter – Corporate Governance Committee Rules of Internal Procedure (www.fluxys.com).

Frequency of meetings and attendance levels

The Corporate Governance Committee met two times in 2014. Director attendance at Corporate Governance Committee meetings in 2014 was as follows:

	Attendance
André Farber	2 out of 2 meetings
Valentine Delwart	1 out of 2 meetings
Hélène Deslauriers	1 out of 2 meetings
Luc Janssens	1 out of 2 meetings
Monique Lievens	2 out of 2 meetings
Henriette Van Caenegem	2 out of 2 meetings
Luc Zabeau	2 out of 2 meetings

4.5. Evaluation of the Board of Directors

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

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

The evaluation of the Board of Directors and the advisory committees took place in 2014 and pertains to 2013.

Accordingly, in 2014 the Board of Directors assessed - on the basis of a questionnaire filled in individually by each member and a report by an external advisor who examined the efficacy of the Board of Directors of Fluxys Belgium - its individual members and the efficacy of its committees.

The questionnaire covered the following subjects:

- the functioning of the Board of Directors and its committees (number and frequency of meetings, quorum, relevance of agenda items, procedural aspects of meetings, quality of minutes, etc.);
- ascertaining whether the Board of Directors could fulfil its role adequately and whether key issues were properly prepared and suitably handled;
- evaluating the interaction between non-executive directors and management (information flow, supervision, etc.);
- appraising the tangible contribution made by each director (interventions in meetings, training, knowledge of tasks and responsibility, etc.);
- stating whether the composition of the Board of Directors was appropriate (number, complementary skill sets, representation of shareholders, etc.).

The external advisor performed their examination on the basis of corporate documents (articles of association, charter, invitations, preparatory documents for meetings, minutes, assessment forms of individual directors, etc.) and additional explanations. The answers to the questionnaires showed that the members of the Board of Directors were, as a whole, satisfied to very satisfied with the functioning of the Board and its committees.

The examination showed that the Board of Directors and its committees were able to adequately and appropriately perform their duties. In particular, the following was shown:

- there is a correct division of responsibilities between the various bodies;
- there is close cooperation between the Chairman of the Board of Directors and the CEO in connection with their respective powers;
- there is a high level of attendance at meetings of the Board of Directors and its committees and there is also a high degree of involvement by the directors in assessing the efficacy of the Board of Directors and its committees;
- use is made of appropriate management tools to meet the needs of the Board of Directors and its committees so they can perform their duties;
- there is good communication between the various bodies;

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

4.6. Company management in 2014

The Executive Board of Fluxys Belgium comprises no more than six members, including one chairman.

Walter Peeraer, Chairman of the Executive Board and Chief Executive Officer (until 31 December 2014)
Pascal De Buck, member of the Executive Board and General Director Commercial (until 31 December 2014)
Peter Verhaeghe, member of the Executive Board and General Director Asset Management
Jean-Luc Vandebroek, member of the Executive Board and Chief Financial Officer (until 31 January 2014)
Paul Tummers, member of the Executive Board and Chief Financial Officer (since 1 April 2014) (He held this position on an acting basis from 1 February to 31 March 2014.)

Having heard the opinions of the different committees, the Board of Directors meeting of 24 September 2014 unanimously decided to appoint Pascal De Buck as Chief Executive Officer and Chairman of the Executive Board, effective 1 January 2015.

As of 1 January 2015, the Executive Board comprises:
Pascal De Buck, Chairman of the Executive Board and Chief Executive Officer.
Paul Tummers, member of the Executive Board and Chief Financial Officer.
Peter Verhaeghe, member of the Executive Board and Chief Technical Officer.

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

The Executive Board is responsible for the operational and day-to-day management of the company, including managing commercial, technical, financial, regulatory and HR aspects. The committee meets as often as it deems necessary and in any case weekly, unless hindered in some way. The chairman convenes the members and any guests and sets the agenda. In 2014 – in addition to the matters submitted to the Board of Directors (see pp. 222-223) - the committee focussed on the following issues:

- **Strategy**: 2014-2016 objectives and balanced score cards, indicative investment programme 2015-2024
- **Commercial activities**: monitoring activities on the Prisma platform, monitoring changes and liquidity at the Zeebrugge Beach and ZTP trading places, analysing service competitiveness, gas purchases for network balancing, developing Zeebrugge as a hub for small-scale LNG usage, developing new services in general and transshipment services in particular, and building a second filling station for trucks, the future of storage services, the future of gas-fired power stations in Belgium, aligned capacity sales processes with Interconnector UK Ltd, monitoring attendance at conferences and round tables
- **Finance**: annual and half-yearly financial results, efficient cost management, audit policy, drawing up and monitoring the budget, monitoring subsidy applications (TEN-E and TEN-T), reform of the federal contribution
- **Legal and regulatory framework**: monitoring and implementation of ENTSOG network codes, market consultations and information session on regulatory documents for new services, proposal to CREG for tariff reductions, preparation for the next tariff period, monitoring changes to the Gas Act
- **Infrastructure and operations**: network safety, analysing incidents, near-incidents and occupational accidents, the SOUL project, investment projects and orders up to €20 million, policy for decommissioning pipelines, obtaining the necessary permits for investment projects or operational activities, open rack vaporiser (ORV) operations in Zeebrugge, R&D policy, thorough reorganisation of working methods for managing facilities in connection with the efficiency programme, renovation of part of the registered office
- **Human resources**: single employment status, organisation, competency management, efficiency programme, social teambuilding, benchmark for executive compensation
- **Monitoring activities of subsidiaries**
- **Preparation of dossiers for the Board of Directors and the various committees**

4.7. Remuneration report

4.7.1. Board of Directors: procedures, principles and emoluments

Remuneration policy

The procedure for drawing up the remuneration policy for directors of Fluxys Belgium is as follows: the Appointment and Remuneration Committee comes up with recommendations for the Board of Directors, and the Board of Directors then submits its proposed remuneration policy to the directors. The remuneration policy is then approved by the Annual General Meeting.

In 2013, Fluxys Belgium analysed the remuneration policy and pay level for directors based on a comparison with similar-sized companies in the industrial sector. The study was completed in 2014 and showed that the average remuneration per director was lower in comparison with similar-sized companies in the industrial sector. The total amount paid out for directors' emoluments is lower than the average of the total amount of emoluments at similar-sized companies in the industrial sector. However, the remuneration policy and level are unchanged.

Remuneration level

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

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

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

- An index-linked share of €8,000 (as at 1 January 2006) for members of the Board of Directors and the government representative(s), and an additional share for the Chairman of the Board;
- An additional half share for members of special committees (including for the government representative(s) within the Strategy Committee and directors invited to sit on committees in an advisory capacity) and the Chairman of the Strategy Committee.

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

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

At the end of the first half-year, directors are paid an advance on their fees and attendance allowance. This advance is calculated on the basis of the index-linked basic remuneration and in proportion to the duration of the directorship in the half-year. A final payment (full settlement) is made in December of the year in question.

Directors' emoluments

For their work on Fluxys Belgium's Board of Directors and its various committees, the directors received the following emoluments and attendance allowances in 2014:

Name	Gross total (€)
Daniël Termont	€26,131.60
Marianne Basecq	€22,155.28
Jean-Jacques Cayeman	€11,208.62
Renaud Moens	€4,564.45
Valentine Delwart	€26,381.60
Eric Lachance (3)	€6,335.93
Hélène Deslauriers	€21,655.28
Mireille Deziron	€16,428.96
André Farber	€21,655.28
Claude Grégoire (1)	€21,905.28
Luc Hujoel (2)	€21,655.28
Luc Janssens	€15,428.96
Ludo Kelchtermans (5)	€16,428.96
Monique Lievens	€16,178.96
Patrick Moenaert	€15,592.01
Walter Nonneman	€22,905.28
Josly Piette (1)	€10,702.64
Yves Rheault (3)	€16,819.35
Henriette Van Caenegem	€21,655.28
Christian Viaene (4)	€22,655.28
Sandra Wauters	€22,405.28
Luc Zabeau (2)	€16,178.96
François Fontaine	€17,178.96
Aart Geens	€12,884.22
Total	€427,091.70

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

(1) These directors retroceded their emoluments and attendance allowance to SOCOFE.
(2) These directors retroceded their emoluments and attendance allowance to Interfin.
(3) These directors retroceded their emoluments and attendance allowance to Caisse de dépôt et placement du Québec.
(4) This director retroceded his emoluments and attendance allowance to Sibelgas.
(5) This director retroceded his emoluments and attendance allowance to NUHMA.

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

- François Fontaine, whose term of office was renewed by the Royal Decree of 14 December 2012, which entered into force on 14 January 2013[2]
- Aart Geens, who was appointed by the same Royal Decree of 14 December 2012, tendered his resignation as the Dutch-speaking government commissioner effective 1 October 2014.

The members of Fluxys Belgium's Board of Directors held no paid directorships in other Fluxys group companies in 2014.

[2] Royal Decree on the appointment of federal government commissioners to the Board of Directors of the designated operators, as detailed in Article 8/3, section 1/3, of the Act of 12 April 1965 on the transmission of gas and other products via pipelines

4.7.2. Executive Board: procedures, principles and remuneration

Remuneration policy

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

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

Remuneration level

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

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

As regards the spreading of variable remuneration for 2014, Fluxys Belgium is covered by the legal derogation from the requirement to spread payment over multiple years, because the *on-target* variable remuneration of Executive Board members is not more than 25% of the total annual remuneration.

Remuneration of Executive Board members

Succession planning. On 24 September 2014 the Board of Directors unanimously decided to appoint Pascal De Buck as chairman of the Executive Board and Chief Executive Officer, effective 1 January 2015.

Setting of remuneration. For financial year 2014, Chairman of the Executive Board and CEO of Fluxys Belgium Walter Peeraer was evaluated by the Board of Directors, following an opinion by the Appointment and Remuneration Committee, based on the extent to which the stipulated objectives were achieved. The Appointment and Remuneration Committee was also given an explanation by Walter Peeraer, Chairman of the Executive Board and CEO of Fluxys Belgium, regarding the evaluation of the other members of the Executive Board in 2014.

On 28 January 2015 the Board of Directors met to decide on the remuneration for the chairman and members of the company's Executive Board. The Board of Directors:

- approved the performance and activities at Fluxys Belgium for 2014
- defined the amount of the 2014 variable remuneration for Walter Peeraer as chairman of the Executive Board and CEO of Fluxys Belgium in 2014, pursuant to a proposal by the Appointment and Remuneration Committee, and defined the total amount of the variable remuneration in 2014 of the other members of the Executive Board of Fluxys Belgium, pursuant to a proposal by Walter Peeraer

The remuneration granted to members of the Executive Board comprises:

- a basic salary;
- performance-related remuneration depending on the degree to which the objectives set each year have been achieved (company and individual objectives);

- a defined-contribution pension plan administered in accordance with the rules applicable to companies in the gas and electricity sector;
- other components: expenses to cover insurance and benefits in kind, including gas and electricity sector benefits.

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

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

Remuneration awarded to Walter Peeraer in his capacity as Chairman of the Executive Board and CEO in 2014:

Basic salary (*)	€210,600
Variable remuneration (*)	€126,360
Pension	€122,547
Other components	€12,347
Total	€471,854

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

Total remuneration awarded to other members of the Executive Board in 2014:

Basic salary	€467,152
Variable remuneration	€165,183
Pension	€162,138
Other components	€52,578
Total	€847,051

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

Account must be taken of the departure of Jean-Luc Vandebroek as Chief Financial Officer and member of the Executive Board of Fluxys Belgium on 31 January 2014 and his replacement by Paul Tummers, effective 1 April 2014. See 'Chief Financial Officer Severance Pay'.

Contractual provisions. All members of the Executive Board in 2014, except for Walter Peeraer as Chairman of the Executive Board and CEO, have employee status. Fluxys Belgium applies the relevant legal provisions to their employment contracts. In the case of Walter Peeraer as Chairman of the Executive Board and CEO, the contract does not provide for any compensation in lieu of notice. The members of the Executive Board hold unpaid offices, or offices with retrocession to Fluxys Belgium, in other companies within the Fluxys Belgium consolidation scope.

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

Chief Financial Officer Severance Pay

It was decided by mutual agreement to end the collaboration between Fluxys Belgium and Jean-Luc Vandebroek, who held the position of Chief Financial Officer, effective 31 January 2014.

The Board of Directors, pursuant to a proposal by the Appointment and Remuneration Committee, decided that the legal conditions had been met to award Jean-Luc Vandebroek severance pay. The severance pay meets the requirements of Article 554 of the Company Code stipulating that the severance pay may not exceed 12 months of salary and must be calculated in accordance with Article 39 of the Act of 3 July 1978 on employment contracts.

4.7.3. Remuneration policy for the next two financial years

There are no plans to change the remuneration policy for the directors and members of the Executive Board for the next two financial years.

4.8. Voting rights and special powers

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

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

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

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

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

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

The following share transfers are free:

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

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

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

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

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

4.10. Transactions and other contractual relations

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

This procedure is as follows:

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

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

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

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

The Board of Directors was not required to implement the above procedure during financial year 2014.

4.11. Issue or buy-back of shares

Fluxys' Articles of Association authorise the Annual General Meeting to acquire the company's own shares in accordance with legal provisions. In 2014 no decision was taken by the Annual General Meeting in this regard. However, when the company acquires its own shares with a view to distributing them to its staff, no decision by the Annual General Meeting is required.

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

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

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

4.12. Auditor

At the 2013 Annual General Meeting, the mandate of Deloitte SCRL, Réviseurs d’entreprise, was renewed for a period of three years until the 2016 Annual General Meeting.

Emoluments. The Annual General Meeting determined the annual emoluments for Deloitte SCRL, Réviseurs d’entreprise. In 2014, Deloitte received emoluments totalling €153,001.60 for its work as Fluxys Belgium's auditor. Deloitte also performed other tasks worth a total of €75,850.

4.13. Subsidiaries

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

4.14. Disclosure of major holdings

The periodic disclosure pursuant to Article 74 §8 of the Act of 1 April 2007 was sent on 29 August 2014. On the date of the notification, Fluxys SA held 63,217,100 shares with voting rights in Fluxys Belgium SA. Publigas held no shares with voting rights in Fluxys Belgium. Fluxys SA and Publigas confirmed that, between 30 August 2013 (date of the previous notification) and 29 August 2014, they did not acquire or transfer any shares with voting rights in Fluxys Belgium.

4.15. Risk management

4.15.1. Internal control and risk-management systems

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

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

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

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

Specifically for the internal control activities, Fluxys Belgium has organised a separation of functions in its processes and IT systems to limit the risk of errors and fraud in its accounts. In addition, several control functions are in place within key departments which evaluate the latter's respective risks and controls, and provide support with and report on them on a regular basis. A budget monitoring exercise is also held every three months as part of the financial reporting procedure. The monitoring, which focuses on comparing the budget with the actual figures and with forecasts, is carried out for the group as a whole, with the results being reported to the Executive Board on a quarterly basis. Fluxys uses SAP as its system for financial reporting.

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

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

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

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

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

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

Internal Audit department. The Internal Audit department is an independent and objective assurance department within Fluxys. As a service provider to all levels of management the department's role is to evaluate and enhance the efficiency of risk-management, risk-monitoring and governance processes through a rigorous, systematic approach.

Within the framework of a three-yearly rotating audit plan, each year an annual audit plan is drawn up. Various stakeholders are involved in drawing up the plan and in the new measures for process auditing. Incorporating the business and risk-management into the planning process offers the advantage that the audit is focussed squarely on relevant and urgent risks and controls.

4.15.2. Risk of stranded investments

New market mechanisms are driving customers increasingly to book, on a short-term basis, the precise capacities they require at a given moment; fewer and fewer customers are booking maximum long-term capacities to cover fluctuations in consumption. Accordingly, fewer long-term contracts are being concluded, while the number of short-term contracts (for a period of a year or less) for transmission (see p. 26) and storage (see p. 30) is increasing. As a result, grid investment is no longer – or at least is to a lesser degree – covered by long-term contracts and the risk of stranded investments, which are no longer covered adequately by tariff income, is greater. In addition, the future phase-out of L-gas production (see pp. 45-46) could result in fewer bookings for transit capacity.

This shift is also being exacerbated by falling demand, heightened competition on transit routes, an oversupply of LNG import capacity in Europe (see p. 31), the trend towards gas accounting for a smaller proportion within the energy mix and lower consumption due to greater energy-efficiency. By following the market extremely closely, organising appropriate marketing campaigns, providing innovative services and offering competitive tariffs, Fluxys Belgium is keeping this risk as low as it possibly can. The activities of sister companies within the Fluxys group are also serving to reduce risk since their efforts to keep flows on transmission routes upstream and downstream of the Fluxys grid as high as possible are having a favourable impact on flows within the Belgian grid itself.

4.15.3. Counterparty risk

Cash surpluses belonging to Fluxys Belgium are deposited with Fluxys Finance within the framework of cash pooling agreements. Fluxys monitors its subsidiaries to reduce counterparty risk. Fluxys Finance invests the cash surpluses either with prominent financial institutions or in the form of financial instruments issued by companies with high ratings, or, indeed, in financial instruments issued by companies in which a creditworthy authority is the majority shareholder or which are underwritten by a creditworthy EU Member State.

The income from the debenture issued by Fluxys Belgium in late November 2014 ahead of the refinancing of the debenture maturing at the end of 2015 is not being held via cash pooling but via direct deposit by Fluxys Belgium in line with the same investment policy as that applied by Fluxys Finance in the context of counterparty risk.

4.15.4. Risks of incidents on and damage to the integrity of the grid

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

Risks linked to the operation of Seveso sites. Fluxys Belgium and Fluxys LNG operated two Seveso sites in 2014: the LNG terminal in Zeebrugge and the underground storage facility in Loenhout. In accordance with Seveso legislation, Fluxys Belgium and Fluxys LNG pursue a proactive risk-management policy covering well-being at work, industrial safety and the environment.

Damage to infrastructure caused by third parties. Serious pipeline incidents arise mainly from damage caused by third parties. In 2014, one incident occurred which was caused by a third party and which resulted in a gas leak. In consultation with the emergency services, Fluxys took the necessary steps to maintain safety and keep the gas supply going. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of natural gas transmission infrastructure is legally obliged to notify Fluxys Belgium in advance. Fluxys Belgium then confirms whether or not any natural gas transmission infrastructure is located in the vicinity of the works. If this is, the applicant is sent all relevant information and details of further procedures to be followed to carry out the work safely. Fluxys Belgium also plays an active role in initiatives to keep the notification requirement threshold as low as possible.

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

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

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

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

Environmental impact. The natural gas transmission infrastructure has a minimal impact on the environment compared with other forms of transmission and Fluxys Belgium's environmental policy focuses on systematically reducing that minimal impact further (see also pp. 71-75).

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

Integrated system for quality and safety management. Fluxys Belgium monitors the integrity of its transmission infrastructure from the design stage, through the construction phase to final operation. Safety is thus being managed through a chain of closely interlinked processes. To ensure a structured and targeted approach, Fluxys Belgium has set up an integrated management system known as the Quality and Safety Management System (QSMS), which incorporates the legal requirements and standards by which the company is bound in terms of well-being at work, industrial safety, environmental protection and quality. The QSMS is based on the principle of continuous improvement: Fluxys Belgium's processes and procedures are constantly reviewed to take account of a range of factors such as the latest technological developments. As the natural gas transmission system operator in Belgium, Fluxys considers safety its top priority and the common thread running through all its activities (see also pp. 61-66).

4.15.5. Availability, reliability and safeguarding of ICT

A fault or breakdown in the IT systems used to help manage the gas grid can result in grid malfunctioning. These systems can be disrupted by events outside Fluxys Belgium's control, such as new computer viruses, malicious hacking attempts and other computer-security-related problems. Fluxys Belgium has taken the necessary measures to safeguard its key IT systems and the systems it uses to manage its infrastructure.
For example, for several systems such as that used to manage natural gas flows on the grid, back-up facilities are in place which can be automatically activated to ensure continued supply in the event of serious disruption.

4.15.6. Insurance and bank guarantees

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

The fact that Flux Re is fully consolidated in the group's accounts means that the costs engendered by any incidents occurring and covered by the group's insurance policy are booked to the consolidated result. In addition, Flux Re reinsures some risks posed by other parties within the Fluxys group and arranges premiums from insurers for this purpose. Where appropriate, compensation in the event of these parties suffering an accident will impact on the Fluxys Belgium group’s IFRS consolidated result.

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

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

Within the framework of its policy in connection with the risks associated with its commercial activities, in the case of the majority of its activities Fluxys Belgium can request a contractual guarantee from its counterparties in the form of either a bank guarantee or a cash transfer. Fluxys Belgium applies a strict policy of monitoring its trade debtors and systematically assesses the financial capabilities of its counterparties. The risk of the parties defaulting is therefore remote but Fluxys Belgium cannot definitively rule out that risk or such a situation potentially impacting negatively on its financial situation.

Questions about accounting data

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