FLUXYS

ANNUAL FINANCIAL REPORT 2015

6th financial year

Reports to the Annual General Meeting of 10 May 2016

Contents

Fluxys in a nutshell

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 transport natural gas flexibly to their customers or between European gas trading places.

Our mission

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

Our values

Customer focus - We monitor our environment closely and listen to our customers' needs. This approach provides the driving force enabling us to achieve the results we strive for.
Cohesion - We strive for cooperation and team spirit to jointly achieve our objectives.
Professionalism and commitment – We are committed to achieving our results by adopting an efficient approach and ensuring we are guided by best practices in everything we do. We systematically develop our expertise and continually seek innovative solutions at a reasonable cost.
Safety and the environment – We jointly give priority to the safety of our facilities because we are responsible for the transmission of an 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 well-being 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.

Our strategy

Three activities. Fluxys is active in three core activities: transmission, storage and LNG terminalling. This combined know-how is a major asset in the European market and enables a diversified portfolio of activities to provide a better return.

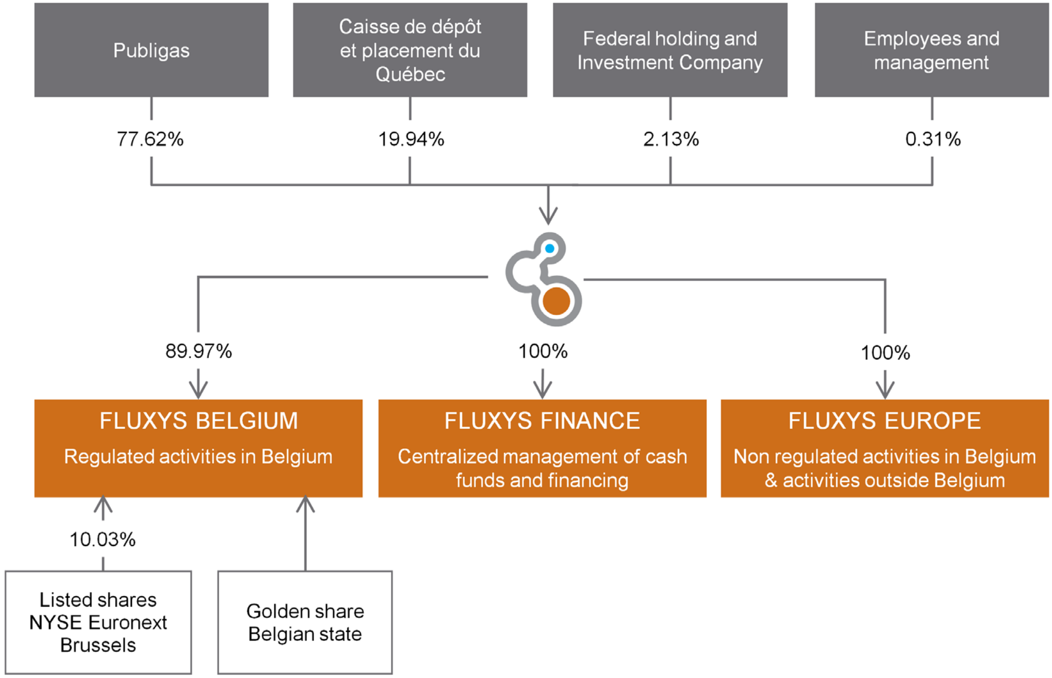
Remain competitive in the market. Fluxys endeavours to ensure that its tariffs and services are as competitive as possible and its investments contribute to security of supply and well-functioning markets.

Expand our natural gas infrastructure and consolidate our current position. Fluxys wants to further expand its role as a crossroads for cross-border natural gas transmission in Europe from its central position in Belgium. The company therefore has the ambition to play an active role in the development of new infrastructure and the takeover of existing assets through profitable long-term investments. Europe is Fluxys' core market but in order to achieve a wider spread of underlying regulatory and business cycle risks, the company also envisages investment projects outside Europe, focusing primarily on LNG infrastructure.

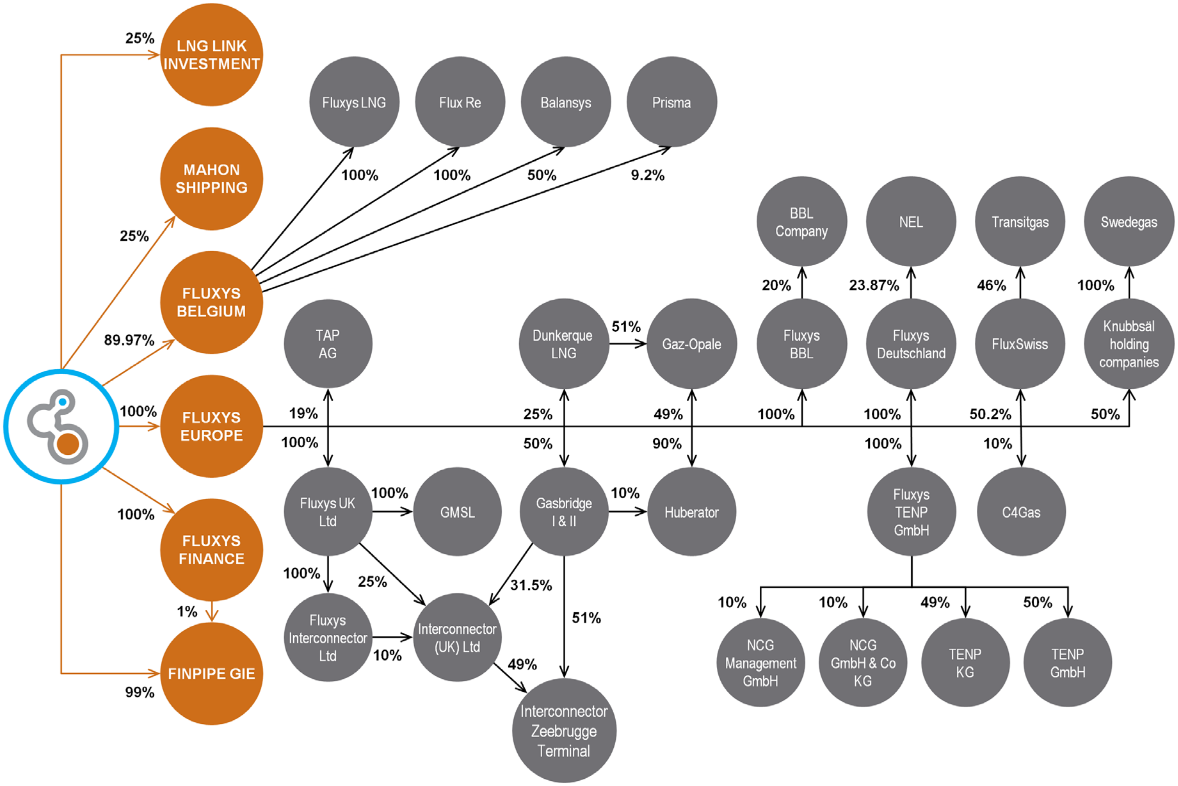
Strengthen our expertise and partnerships. To successfully implement its strategy, Fluxys values the development of its employees' know-how and builds strong alliances with solid partners.

FLUXYS: NATURAL GAS INFRASTRUCTURE COMPANY

Shareholders and structure of the group as at 30 March 2016



THE COMPANIES OF THE FLUXYS GROUP



Corporate bodies

Board of Directors
Daniel Termont, Chairman of the Board of Directors
Claude Grégoire, Vice-Chairman of the Board of Directors
Walter Peeraer, Managing Director and CEO (until 31 December 2015)
Pascal De Buck, Managing Director and CEO (since 1 January 2016)
François Fontaine
Andries Gryffroy (since 12 May 2015)
Luc Hujoel
Luc Janssens (until 12 May 2015)
Patrick Moenaert
Renaud Moens
Josly Piette
Yves Rheault
Louis-M. St.-Maurice
Christian Viaene

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

Audit Committee
Renaud Moens, Chairman of the Audit Committee
Ludo Kelchtermans
Yves Rheault
Walter Peeraer, invited with an advisory vote (until 31 December 2015)
Pascal De Buck, invited with an advisory vote (since 1 January 2016)

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

Appointment and Remuneration Committee
Christian Viaene, Chairman of the Appointment and Remuneration Committee
Mireille Deziron
Luc Hujoel
Walter Peeraer, invited with an advisory vote (until 31 December 2015)
Pascal De Buck, invited with an advisory vote (since 1 January 2016)

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

Management Team
The Management Team is responsible for the daily and operational management of the company. The Management Team also makes investment proposals to the Board of Directors within the framework of the company strategy.

Walter Peeraer, Managing Director and CEO (until 31 December 2015)
Pascal De Buck, Managing Director and CEO (since 1 January 2016)
Arno Büx, Chief Commercial Officer (since 1 October 2015)
Paul Tummers, Chief Financial Officer
Peter Verhaeghe, Chief Technical Officer

I. ANNUAL REPORT

In accordance with the Belgian Company Code, the Board of Directors is pleased to be able to present the annual report for financial year 2015 for your company and the group and to submit for your approval the annual accounts for the period ending 31 December 2015.

Significant event after the balance sheet date: Gazprom and Fluxys sign Framework Agreement on small-scale LNG cooperation, p. 30

Declaration regarding the financial year closed on 31 December 2015

I, Pascal De Buck, Managing Director and CEO, hereby attest that to my knowledge:

a) the annual accounts, drawn up in accordance with the applicable standards for annual accounts, 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;

b) 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, 30 March 2016

Pascal De Buck
Managing Director and CEO

1. Market context and challenges

1.1. Plummeting natural gas prices and supply overhang

Oil prices have tumbled further, dragging natural gas prices in Asia and Europe down with them. The price difference between the Asian and European markets has shrunk too, partly due to slower demand growth in Asia. Since Europe can absorb extra LNG thanks to flexibility in pipeline contracts, the LNG that cannot be sold elsewhere is finding its way there. As a result, 2015 saw more LNG being shipped to Europe again; this trend was also noticeable at the Zeebrugge LNG terminal, where more ships were unloaded and fewer large ships were reloaded.

If we take German natural gas prices at the border as a reference, we can see that, in the wake of falling oil prices, these prices decreased further to hit a ten-year low in 2015. And if they were still much higher than the prices on the gas trading places at the start of 2015, the price difference had become far smaller by early 2016.

While the natural gas market was tight in 2014 due to high demand in Japan in the wake of Fukushima, the continuing trend towards slower demand growth in Asia in the meantime has given rise to oversupply on the global market. Given the gradual restart of Japan's nuclear facilities, the economic slowdown in China and the huge volumes of additional LNG production capacity that are due to be commissioned between 2015 and 2020 (approx. 136 million tonnes of LNG or 186 billion cubic metres of natural gas), we can expect a supply overhang for a long time to come.

1.2. More LNG on the way

Against a backdrop of supply overhang and falling prices, analysts believe that 2016 will see an additional 22 million tonnes of LNG (approx. 30 billion cubic metres of natural gas) being put on the market compared to 2015.

Observers in Europe are in this respect curious to see what the second wave of changes triggered by the USA's shale gas revolution will have in store.

During the first wave of the shale gas revolution, most of the LNG originally intended for the USA went to the Asian markets (where it commanded a higher price at the time), while vast quantities of cheap coal flooded into Europe as the USA's power plants switched en masse to shale gas.

On top of that, the second wave has seen the USA begin exporting shale gas in the form of LNG.

Some expect a significant share of LNG from the USA to end up in Europe in 2016, where it would compete with pipeline gas. Others question the competitiveness of American LNG in the current climate of low prices, pointing to the fact that the first LNG cargo from the USA was delivered neither to Europe nor to Asia, but to Brazil.

In other words, the LNG market is going through some turbulent times as additional volumes go to market, new contract formats emerge and low prices abound. It will be a while before we can see how these different factors will find a balance, but it is already clear that low prices are creating an environment in which investment decisions on new production are being postponed.

1.3. Demand for natural gas in Europe under pressure

Provisional estimates suggest that Europe consumed 7% more natural gas in 2015 than in 2014, mainly because temperatures in 2015 were far closer to average than 2014, which was unusually warm. At the same time, however, energy efficiency drives have impacted demand and natural gas is experiencing particular difficulties in power generation.

While electricity consumption until now has never again hit the high it reached in record year 2008, more and more renewable generation capacity has been deployed since then. Renewable sources have priority on the grid and natural gas is being pushed out of the energy mix by a combination of factors: low coal prices, low prices for CO_2 emission rights and an electricity model that is not appropriate to integrate renewable generation. The only exception to this is the United Kingdom, where a price floor for CO_2 has given gas-fired power stations an advantage over coal-fired generation.

As a result, the growing share of renewable power generation is being backed up by coal-based power generation. Germany, for instance, was forced to conclude that carbon emissions from power generation were roughly the same in 2015 as the year before, despite a sharp increase in renewable generation. As it goes, the country’s coal- and lignite-fired power stations continued to operate and huge quantities of power were exported.

In the current circumstances, substantial investments in renewable generation are doing little to help the climate and Europe will need to find solutions to enable gas-fired power stations to make their contribution. The process of reforming the CO_2 emission trading scheme has already begun in the meantime.

1.4. KEY ROLE OF NATURAL GAS IN THE ENERGY TRANSITION

Ahead of the COP 21 climate summit in late 2015, the European Commission devised new climate targets highlighting the importance of enhancing renewable energy sources and boosting energy efficiency.

At the same time, the Commission emphasised that natural gas has a key role in the transition to a low-carbon economy as a replacement for coal and fuel oil. With that in mind, the Commission expects natural gas consumption to remain more or less at current levels until 2030.

However, between now and 2030, sufficient research and development will need to be conducted to lower carbon emissions from natural gas post-2030. To that end, Fluxys plays an active part in programmes which focus on the adoption of biomethane, the use of natural gas in transport and the development of power-to-gas, a technology for converting excess renewable power into hydrogen or synthetic natural gas.

Against the backdrop of the energy transition, questions need to be asked about the European Commission's recent proposals for the EU heating and cooling strategy, in which the Commission shows a clear preference for electrification. This is a questionable point of departure if the energy system cost is taken into account. Around half of all the energy Europe consumes is used for heating and cooling, and switching a substantial share of this consumption to electricity would require massive investments in the electricity system. It would also substantially reduce the utilisation rate of the gas infrastructure, which is a far more efficient way to bring the same quantities of energy to end users. Moreover, if new gas technologies like gas-powered heat pumps or micro-cogeneration (which provides heat, like a boiler, as well as power) were adopted, many new investments in additional electricity infrastructure could be avoided.

1.5. POLICY: CLARITY NEEDED ON THE ENERGY MIX

In the light of the climate agreements, it is highly advisable for Member States' policies to set out clear guidelines on the energy mix so that the parties concerned have enough of an idea about the future to make investment decisions. This is especially important in countries like Belgium, which are set to phase out nuclear generation in the relatively short term.

Today, many gas-fired power stations are out of operation or only run infrequently, making them unprofitable and causing gas infrastructure to be underused. As a result, there is a risk of capacity being decommissioned that will be needed again in the foreseeable future to plug the gaps left by the nuclear power phase-out: gas-fired power stations will not only serve as a necessary back-up for the increasing share of intermittent renewable generation, but also as a source of baseload power as a substitute for the nuclear capacity that cannot be entirely replaced by a combination of wind and solar power and demand-side management.

1.6. EUROPEAN DIRECTIVE GIVES A BOOST TO NATURAL GAS AS A TRANSPORT FUEL

Mobility accounts for a good quarter of the European Union's CO_2 emissions from fuel consumption. Thanks to an emissions profile that outperforms other fossil fuels on all fronts, natural gas has a promising future as a transport fuel. LNG is an ideal alternative fuel for ships and long-distance trucks, while compressed natural gas (CNG) is a suitable solution for cars, vans and buses.

The main challenge lies in developing the necessary infrastructure for cars, trucks and ships to refuel easily with natural gas. Low oil prices are proving an obstacle to the expansion of natural gas filling stations at present, as they have prompted some shipping and haulage firms to delay switching to LNG. Nevertheless, the market is developing and investments are being made in new LNG-fuelled ships and trucks and LNG refuelling infrastructure. In this respect, 2015 saw Fluxys become the co-owner of an LNG bunker vessel that is set to begin operating out of Zeebrugge in late 2016.

Furthermore, Fluxys and the distribution system operators have been successfully promoting the purchase of CNG vehicles in Belgium: the number of CNG vehicles on the road has risen substantially in recent years, which is encouraging the construction of more filling stations.

This favourable development was further bolstered by the European Directive on the deployment of alternative fuels infrastructure. Under the Directive, Member States must draw up a plan for the roll-out of the necessary refuelling facilities by November 2016.

1.7. Additional imports required

European natural gas production continues to decline, with e.g. the Dutch Groningen field from which exports will gradually phase out by 2030. In 2015, some even called for exports to be halted earlier than originally planned. Due to this decline in European production, substantial new volumes of natural gas will need to be imported in future despite sluggish demand: estimates indicate that Europe will need to import around 150 billion cubic metres more natural gas by 2035.

In view of both this and geopolitical trends, Europe is seeking wider source diversification, namely by obtaining additional LNG and pipeline gas that can be brought in via southern Europe.

Through its involvement in the Zeebrugge and Dunkirk LNG terminals and the Southern Gas Corridor, Fluxys is well placed to cater to the additional capacity needs that will arise as a result of new import flows. Fluxys for instance can help offset Germany's loss of Groningen gas in two ways: by transporting additional natural gas to Germany from the Zeebrugge and Dunkirk LNG terminals and other landing points in Zeebrugge, or by tapping into the opportunities offered by Fluxys infrastructure in the south, as the reverse flow project will enable Southern Gas Corridor gas landing in Italy to be channelled to Germany.

Moreover, developments in 2015 have opened up more potential sources via the Southern Gas Corridor. Thanks to improved diplomatic relations with Iran, Iranian gas may also become available, and the discovery of the Zohr field has led to Egypt's inclusion on the list of possible sources in the Eastern Mediterranean basin.

1.8. Tough times on the storage market

Europe has had a relative surplus of storage options and other flexibility services for a few years now. In addition, stagnating demand for natural gas has resulted in an oversupply of natural gas on the gas trading places. This situation has resulted in very small price differences between winter and summer, which, in turn, have priced physical natural gas storage out of the market.

Fluxys' storage activity in Belgium is also in competition with non-regulated storage services elsewhere in Europe. On top of that, other European countries tend to use their storage facilities much more as a means of ensuring security of supply, for example by obliging suppliers to book certain levels of storage capacity on national territory.

In coming years, the challenge will be to continue developing products and services that correspond as closely as possible to storage customers' needs. For this to be possible, the regulatory framework will need to continue offering the possibility to devise flexible responses to market needs. Furthermore, Fluxys Belgium must be able to compete on a level playing field with storage operators and other flexibility providers in North-West Europe.

The European Commission's recent proposals on the European LNG and storage strategy emphasise the role of storage in guaranteeing security of supply at peak demand times or when a source is compromised. The proposals also integrate a number of concerns which were raised by Fluxys Belgium in the preliminary consultation round. As a result, they advocate the development of innovative storage services. They also provide for non-market-based measures such as storage obligations to be repealed if they distort the internal market or jeopardise other Member States' security of supply.

1.9. Continuing shift towards a short-term market

Suppliers are concluding fewer and fewer long-term contracts with natural gas producers and are buying a greater share of the natural gas in their portfolios from the gas trading places in Europe.

The capacity market also is moving towards short-term contracts: stagnating demand in Europe has made shippers more cautious, so when their long-term contracts are due to expire, they replace them with short-term contracts. This trend runs counter to the business model applied until now, where infrastructure investments were covered by long-term contracts.

1.10. Further steps towards European market integration

The European Commission's vision for the gas market is a single gas market without borders, where natural gas is free to circulate between the Member States. Fluxys was responsible for a European first in 2015 through its role in the first ever gas market integration between two European Union Member States: Belgium and the Grand Duchy of Luxembourg now form a single, borderless gas market. The project was the result of successful collaboration between gas system operators and regulatory bodies and allowed the parties involved to gain valuable knowledge and experience in view of wider integration with other neighbouring markets.

Another key aspect of the European gas market integration is the development of harmonised rules, known as network codes. These codes are based on framework guidelines compiled by the Agency for the Cooperation of Energy Regulators (ACER) and are drafted by the European Network of Transmission System Operators for Gas (ENTSOG), of which Fluxys is one of the founding members.

Although the network codes ensure harmonisation, they also tend to limit companies' room for manoeuvre and make it increasingly difficult to offer innovative, diversified services. This development reflects the growing risk of the European regulatory framework bending into overregulation and achieve the opposite effect to what is intended: although the aim is to create a framework for market-based competition, the framework tends to replace market-based principles by a central planning model.

2. Focal areas in 2015

2.1 KEEPING FINANCIALS SOLID

In 2015 the Fluxys group generated substantial Funds From Operations before tax (EBITDA[1] of €567.3 M). In Belgium, regulated activities continue to be affected by the impact of the low interest rates (OLO). Compared with the previous financial year, the fall in interest rates was being attenuated by the efficiency efforts accomplished as well as by the authorised recuperation of revaluation surpluses from divestments.

Fluxys has the financial resources to maintain and further expand its natural gas transmission infrastructure in an increasingly international environment.

In order to be prepared for the investments needed to implement its international development strategy, Fluxys has built up a sound financial structure. It therefore has a relatively high gearing of equity to net debt[2], which offers scope for new financing and opens up access to sufficient liquidity in the form of credit lines. In addition, its borrowed funds are diversified, which means that the group is not solely dependent on bank financing. In its financing, Fluxys' priority is always to strike a right balance between cost, duration and diversification of financing sources.

Indicators

	2015	2014
Equity/net debt	51%	51%
FFO before net interest/net interest	4.6[3]	5.1
FFO/net debt	15%[4]	18%

The ratio of equity to net debt is balanced and shows sound distribution of business risks across shareholders, financial institutions and institutional investors.

The FFO/net debt ratio of 15% shows that Fluxys can pay off its debts within a reasonable timeframe on the basis of the generated cash, and indicates that Fluxys can flexibly attract new capital for its further development.

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[1] EBITDA: Earnings Before Interests, Tax, Depreciation and Amortisation (Profit before financial result and tax + net depreciation and amortisation + net provisions + impairment)

[2] Net debt: Interest-bearing liabilities net of cash and cash equivalents, short- and long-term cash investments and regulated assets.

[3] EBITDA – tax payables/net interest

[4] EBITDA + interest received – debt interest – tax payables/net debt

Finally, the FFO/net interest ratio shows the extent to which the generated cash must be applied to cover the interest on the debt.

For Fluxys, these three basic indicators yield a score that indicates a robust credit profile.

In terms of its dividend policy, all other things being equal, Fluxys endeavours to ensure that the dividend paid to shareholders remains stable or even rises slightly compared to the previous financial year.

Fluxys Finance: successful private placement of €225 million

Over the course of December 2015, Fluxys Finance completed two bond issues in the form of European Private Placements for a total of €225 million. The first bond, of €150 million, was issued for a duration of 30 years and the second, of €75 million, was issued for a duration of 20 years.

These transactions enabled Fluxys to diversify the duration of its financing under advantageous conditions.

2.2 Strong human capital base

Fluxys can count on the expertise, commitment and motivation of over 1,200 employees in Belgium, France, Germany, Switzerland, the United Kingdom and Luxembourg.

As an infrastructure system operator in the energy sector, Fluxys is active in a rapidly changing market that will continue changing over a long period as the low-carbon economy takes shape. To remain a successful company in this context, we must be able to count on competent, motivated and rapidly deployable employees. Accordingly, adaptability is crucial, both in the organisation of the company and among employees. The core of our HR policy therefore consists in activating that adaptability in the interplay between people, processes and structures. By doing this, Fluxys remains ready for today's challenges while at the same time we are preparing for the future.

Organisation geared to the challenges faced

Fluxys Belgium constantly examines its processes and structures in light of new challenges that materialise. After all, a transforming market requires an organisation that moves along with it. More efficient processes and structures are key to achieving the enhanced performance which the company strives for in a bid to continue growing sustainably and further bolstering its position on the market.

Active talent management

Fluxys' talent management policy helps it to ensure that the right talent is in the right place at the right time to make an optimum contribution to the company's success against the backdrop of an evolving market and changing company processes and structures.

Based on its company objectives, Fluxys assesses its future staffing needs to gain a clear overview of which profiles and skills are required now and in the future. Consequently, our recruitment strategy is not simply focused on filling vacancies as they arise, but rather on finding passionate, motivated, committed individuals who can ultimately offer added value elsewhere in the group too. To attract and retain the right talent, Fluxys offers competitive salary packages in line with the market.

Personalised intake programmes and thorough performance management are the two levers that Fluxys uses to support its employees in order to contribute optimally to the company's objectives. Furthermore, Fluxys' competence management together with a professional development and training programmes are geared towards providing employees with the support they need to fulfil both the company's objectives and their own professional ambitions.

Providing clarity and creating commitment

Fluxys attaches great importance to ensuring employees are familiar with the business context and the challenges the company faces, as this fosters personal commitment to the company's vision, strategy and objectives.

Transparent and constructive social dialogue

Good industrial relations are vital for cohesion within the company and for the development of activities, which is why Fluxys pursues a transparent and constructive social dialogue with all of the social partners.

2.3 CONNECTING MARKETS

Green light for reverse flow project

The TENP and Transitgas pipelines currently accommodate north to south flows from Belgium and the Netherlands through Germany to Switzerland and Italy. In early 2015 the investment decision was made to make both pipeline systems bidirectional: in 2018, it will become possible to transport gas from Italy to Germany and France, from Germany to France and from France to Germany.

The reverse flow project for the TENP and Transitgas pipelines includes limited investments in adapting the facilities at the Ruswill and Hügelheim compressor stations in order to reverse the flow, as well as investments in the construction of a deodorisation plant in Germany (see also p. 51). The project was included in Germany's network development plan for 2015 and has been approved by the Bundesnetzagentur, the German regulator.

The gas from Italy that will become available thanks to the reverse flow project includes not only gas from current North African, Russian and LNG sources but will in time also encompass gas from the Southern Gas Corridor (currently under construction): gas from Azerbaijan and other sources in the wider Caspian region, the Eastern Mediterranean region and the Middle East may become available through the corridor (see p. 25). As such, the project makes a significant contribution to enhancing security of supply and diversification of sources and supply routes to Europe. Moreover, since the TENP pipeline is connected to the Fluxys Belgium grid at Eynatten, the project opens up new opportunities for transit through Belgium.

As the project plays an important role in diversification of sources and security of supply, it has been listed as a European Project of Common Interest (PCI) since 2012, with its PCI status being renewed in November 2015. The project also receives European support under the Connecting Europe Facility programme.

Co-financed by the European Union
Connecting Europe Facility

New pipeline connecting Dunkirk to Zeebrugge

Since 1 November 2015, up to 8 billion cubic metres of natural gas can be transported through the Hondschoote/Alveringem interconnection point via the newly completed *Artère des Flandres* (France) and Alveringem-Maldegem (Belgium) pipelines connecting the LNG terminal under construction in Dunkirk (see p. 26) to the gas trading points ZTP and Zeebrugge Beach for onward transmission to Germany, the Netherlands and the United Kingdom.

The new pipeline enhances market integration, security of supply and source diversification. Besides, it renders the Belgian grid completely bidirectional: natural gas can now physically flow in both directions between Belgium and all of its neighbouring markets, including the UK.

In many respects, the cross-border connection between Dunkirk and Zeebrugge is a European first too. It is the result of close cooperation between the national regulators and the relevant system operators and has made Fluxys Belgium the first European transmission system operator to offer a single contract for cross-border capacity (from Dunkirk in France to the ZTP virtual trading point in Belgium). To that end, Fluxys Belgium has concluded a long-term capacity agreement with GRTgaz from Dunkirk to the French-Belgian border.

Fluxys majority shareholder in Interconnector (UK)

In 2015 Fluxys acquired Gazprom's 10% stake in Interconnector (UK), a vital bidirectional transmission link connecting the United Kingdom with Continental European markets. The pipeline offers the UK market both security of supply and a unique tool for physical export of natural gas, thus contributing to the diversification of sources for continental Europe.

Through the acquisition of the Gazprom stake Fluxys has become the majority shareholder in Interconnector (UK). The transaction increased the company's direct stake in Interconnector (UK) to 35%. Beside its direct stake, Fluxys and its industry partner Snam hold a joint stake of 31.50% in the pipeline (on a 50/50 basis), while Fluxys shareholder Caisse de dépôt et placement du Québec holds a 33.5% stake in the company.

A first in Europe: integrated gas market for Belgium and Luxembourg

On 1 October 2015, Fluxys Belgium and Creos Luxembourg successfully launched the first ever gas market integration between two European Union Member States, namely Luxembourg and Belgium. This market integration is fully in line with the European Union's blueprint that aims at building an internal gas market without borders, where gas can flow freely from one country to another.

The merging of the markets opens up more opportunities for competition for the two countries and boosts security of supply for Luxembourg. The integrated market is beneficial for suppliers too, as there is now only one balancing zone for the two countries and liquidity on the ZTP gas trading point is boosted.

The successful merging of the Luxembourg and Belgian gas markets is the result of around two years of close collaboration, dating back to 2013, between Fluxys Belgium, Creos Luxembourg and their respective regulators, Belgium's Commission for Electricity and Gas Regulation (CREG) and the Luxembourg Regulatory Authority (ILR). The project enabled the parties to gain valuable knowledge and experience in view of wider integration with other neighbouring markets.

2.4 CONNECTING MARKETS WITH NEW SOURCES

TAP project on schedule

The TAP project is part of the Southern Gas Corridor, which is to supply Europe with gas from Azerbaijan sourced at the Shah Deniz field in the Caspian Sea. TAP will connect with TANAP (Trans-Anatolian Pipeline) near the Turkish-Greek border at Kipoi and cross Greece, Albania and the Adriatic Sea before coming ashore in southern Italy. TAP is a key piece of infrastructure in the diversification of Europe's gas supply and is also of high importance for North-West Europe in connection with the project to allow for reverse flows northwards from Italy (see p. 23). TAP has been designed in such a way that its capacity can easily be increased from 10 billion m³ per year to 20 billion m³ per year when new natural gas sources become available in future. These may include sources in the Caspian region, the Eastern Mediterranean region as well as the Middle East.

Against this backdrop, the European Union has given TAP Project of Common Interest (PCI) status as part of the Trans-European Energy Infrastructure (TEN-E). In doing so, Europe has acknowledged that TAP is a high-priority project for cross-border transmission capacity and has recognised TAP's role in opening the Southern Gas Corridor. PCI status has various advantages where permit procedures are concerned and is an asset when it comes to seeking financing agreements with European bodies like the European Investment Bank and the European Bank for Reconstruction and Development.

A number of milestones were reached in 2015 and the project is on track to accommodate the first natural gas from Shah Deniz in 2020:
- Most of the subcontracting and construction contracts for the project have been concluded;
- In 2015 the Italian government granted TAP a key permit that allows TAP to move ahead with the pipeline construction;
- In summer 2015 work began to lay or adapt various roads and bridges in Albania;
- In late 2015 TAP and TANAP reached an agreement about responsibilities related to the construction of and the technical specifications for the interconnection between the two pipelines.

In early 2016 the Greek Environment and Energy Ministry granted TAP an Installation Act permit, which is vital for beginning construction activities in Greece. In March 2016, the EU Commission confirmed that the Host Government Agreement concluded between the Hellenic Republic and TAP is compliant with the EU regulation dealing with state aid. Also in 2016 the shareholders will approve the final project budget and the remaining subcontracting and construction contracts will be awarded. Work to lay the pipeline will begin in the middle of the year, while the process of setting transmission tariffs will be completed in the autumn.

New LNG terminal at Dunkirk to begin operations in 2016

Fluxys is a 25% shareholder in Dunkerque LNG, which owns the LNG terminal under construction in Dunkirk. When the new terminal is commissioned, Europe’s annual LNG import capacity will increase by 13 billion m³. This natural gas will also be available to the wider North-West European market through the pipeline connecting Dunkirk and the Zeebrugge area (see p. 23).

The terminal is set to be commissioned in 2016. In the meantime, work is being done to expand the range of small-scale LNG services on offer.

Preparations for conversion to high-calorific natural gas

The gradual depletion of the Groningen natural gas field (which produces low-calorific natural gas, or L-gas) has prompted the Dutch government to completely phase out L-gas exports to Belgium and France between 2024 and 2030 and to Germany between 2020 and 2030. Moreover, extracting natural gas from the dwindling field triggers earthquakes, so production capacity has been limited since 2014.

Against this backdrop, new sources need to be dipped into and Fluxys is, thanks to its activities in Europe, well placed to play a key role in that regard:

- Each year, Germany is supplied with around 20 billion cubic metres of L-gas from the Netherlands. Additional volumes of H-gas could be transmitted via the Belgian grid to Germany from the Zeebrugge and Dunkirk LNG terminals and the landing points for pipeline gas in Zeebrugge. In addition, the reverse flow project (see p. 23) and the potential extension of the NEL pipeline will considerably strengthen Germany's supply position – and Fluxys is prepared to invest in these expansions.
- Currently, around 5 billion cubic metres of L-gas is supplied to Belgium each year. Synergrid, the Belgian federation of electricity and gas system operators, has drawn up a technical methodology and road map for the conversion in cooperation with Fluxys Belgium and the distribution system operators.
- The Belgian grid also acts as a corridor for channelling 5 billion cubic metres of L-gas a year to France. Again, Fluxys is well placed to ensure the transit of H-gas to France.

2.5 SALE AND DEVELOPMENT OF SERVICES

Evolution in transmission capacity sales

In Belgium**,** 2015 saw a continuation of the trend whereby customers increasingly book short-term capacity and align their capacity portfolios as closely as possible with the capacity they will actually use. Against that backdrop, Fluxys Belgium booked 8% less transmission capacity in 2015 than in 2014, despite the increase in transmitted volumes. Capacity bookings for consumption on the Belgian market remained stable on the whole, while bookings were down for border-to-border transmission capacity. Although sales of short-term capacity have increased sharply, they did not fully compensate for the decrease in long-term capacity sales.

In Germany, additional marketing efforts in the second half of the year helped Fluxys TENP to sell as much short-term capacity in 2015 as in the extremely successful year 2014. This mitigated the risk of tariff increases in 2016. 2015 also saw bookings for record volumes of capacity for the next year, which would indicate that new German legislation is counteracting the growing trend towards booking capacity in the short term.

Thanks to additional short-term bookings, Fluxys Deutschland far exceeded its sales targets in 2015.

In Switzerland, FluxSwiss practically met its ambitious sales targets thanks to an innovative commercial approach based on customised capacity products and tariffs. The company was able to sell flexible contracts that allow for volume changes and tariff indexation, which highlights customers’ enthusiasm for FluxSwiss’ proactive sales strategy. Moreover, the heat wave in summer 2015 led to the sale of additional short-term capacity.

20-year contract for LNG transshipment services in Zeebrugge

In March 2015 Fluxys LNG concluded a 20-year contract with Yamal Trade for the transshipment of up to 8 million tonnes of LNG per year (approx. 11 billion cubic metres of natural gas). The transshipment services will form a key link in the logistics chain from Russia's Yamal peninsula to supply Asian markets, among others, year-round. This agreement will promote LNG activity in Zeebrugge in the long term and will also significantly bolster traffic at the port. To be able to offer these transshipment services, Fluxys LNG is building a fifth storage tank capable of holding some 180,000 m^3. Additional compression capacity is being developed too. Preparatory works began in mid-2015 and the new storage tank is set to be commissioned in late 2018, according to the current schedule.

Storage activities battling with difficult market conditions

A large part of Fluxys’ storage services at its Loenhout facility in Belgium have been sold for the long term: over 70% of storage capacity to 2016, and almost 60% after 2016. Fluxys Belgium is selling the remaining capacity on an annual basis.

Sales conditions for annual storage contracts were particularly difficult in 2015, despite efforts to continue developing products and services that meet storage customers’ needs as closely as possible. By summer 2015, the price difference between summer 2015 and winter 2015-2016 was already remarkably low, coming in well below the storage tariff. This was followed by a highly unusual situation later in the year: the winter 2015-2016 price fell even further and ended up lower than the summer 2015 price due to the surplus of natural gas on Europe’s gas trading platforms and the very mild weather in the first half of the winter.

Rapidly expanding market for natural gas as a transport fuel

Fluxys is active on various fronts to promote natural gas as a transport fuel and stimulate this 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 drastically cuts emissions of particulate matter and other substances that are harmful to health: natural gas combustion produces significantly lower quantities of nitrogen oxides and only negligible amounts of sulphur oxides and particulate matter. Another advantage is that natural gas engines use a tried and tested technology that has already proved its worth. Thanks to its low emission profile, LNG is the ideal alternative fuel for shipping and long-distance haulage. For instance, strict sulphur emissions standards for the English Channel, the North Sea and the Baltic Sea provide additional impetus for shipping firms to switch to LNG.

A second jetty is under construction at the Fluxys LNG terminal in Zeebrugge. It is being specially designed to also accommodate LNG bunker vessels: these are small LNG ships that load LNG which they then supply to LNG-fuelled ships or small LNG bunkering terminals in other ports.

Preliminary studies for the second jetty were co-financed within the framework of the Trans-European Energy Networks (TEN E) programme, while the Trans-European Transport Network (TEN-T) programme has granted a subsidy for the jetty's construction.

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

Fluxys co-invests in an LNG bunker vessel

Interest in LNG is growing in the shipping sector and Fluxys investigates together with various port authorities what investments would be needed to develop LNG as a shipping fuel in Belgium's ports. Against that backdrop, Fluxys has acquired a 25% stake in an LNG bunker vessel ordered by ENGIE, Mitsubishi and NYK. The vessel is set to begin operating out of its home port of Zeebrugge as of end 2016.

The LNG bunker vessel, which is currently under construction, will be chartered by the LNG bunkering joint venture set up by ENGIE, Mitsubishi and NYK Line for its commercial operation. The first bunkering contracts have already been signed. ENGIE will use the capacity that it has booked at Fluxys' LNG terminal in Zeebrugge to load the bunker vessel with LNG.

Gazprom and Fluxys sign Framework Agreement on small-scale LNG cooperation

In March 2016, Gazprom and Fluxys signed a Framework Agreement on small-scale LNG cooperation in the European market. The agreement reflects the intention of the parties to collaborate on joint projects for the construction and operation of LNG receiving terminals, LNG filling stations and LNG bunkering infrastructure in Europe.

Small-scale LNG projects developing at Swedegas too

In 2015 Fluxys and Enagás jointly acquired Swedegas, the owner and operator of Sweden's high-pressure gas grid, from EQT Infrastructure Limited.

Swedegas, which is certified as a transmission system operator by the Swedish regulator, owns around 600 km of high-pressure gas pipelines and the underground gas storage facility at Skallen, near Halmstad.

The company has a project to develop a small-scale LNG terminal in Gothenburg, which has been recognised by the European Union as a Project of Common Interest (PCI). The project's aim is to transfer LNG to tanker trucks or LNG tank railcars for further transport in Sweden. Next to this, ships would be able to bunker LNG at the facility. At a later stage, the terminal may be connected to the existing pipeline network.

Preparations are being made for a similar project at Gävle on Sweden's eastern coast. Both projects offer prospects for increasing traffic from the LNG terminal in Zeebrugge to Scandinavia.

2.6 COMPETITIVE TARIFFS

The Fluxys group's various subsidiaries make every effort to boost efficiency and keep their tariffs as competitive as possible, while at the same time providing a service offering tailored to their customers. Keeping tariffs competitive puts Fluxys in a good position to compete with other operators active in Europe in international natural gas transit.

For instance, in 2014 Belgian regulator CREG approved Fluxys Belgium's tariff proposal to reduce transmission tariffs by 7% from 1 January 2015. The tariff reduction was made possible by a company-wide approach aimed at efficiency gains. This reduction is also applied in the approved tariffs for the next tariff period of 2016-2019. Fluxys TENP was able to keep its 2016 tariffs particularly competitive while also aligning them with new rules on interruptible and firm capacity.

2.7 PROMOTING LIQUID TRADING POINTS

Belgium: strong growth in traded volumes

Traded volumes at the two Belgian gas trading places Zeebrugge Beach (+6%) and ZTP (+45%) rose sharply last year, with the total traded volume coming in at 930 TWh. Several factors have had a hand in this increase:

- The number of active market parties has risen steadily at both Zeebrugge Beach and ZTP;
- Greater LNG availability: in 2015 the Zeebrugge LNG terminal regasified and put twice as much LNG into the pipeline network as in the previous year;
- The gas price at Zeebrugge Beach and ZTP in 2015 was far more favourable than on neighbouring markets, which created more opportunities for suppliers who use gas trading places to supply their customers and for end users who buy their gas directly from gas trading places.

Fluxys Belgium takes over hub services from Huberator

Fluxys Belgium took over hub services from its subsidiary Huberator in December 2015, as these activities fall under the regulated framework (as a component of transmission activities) from 1 January 2016. The new, lower tariffs for hub services were approved by CREG in October 2015.

Germany: NCG market area

Through its subsidiary Fluxys TENP, Fluxys holds a 10% stake in market area manager NetConnect Germany (NCG), which handles the operational management of the market area cooperation between bayernets, Fluxys TENP, GRTgaz Deutschland, Open Grid Europe, terranets bw and Thyssengas. The market area stretches from the North Sea coast down to the Alps and is Germany's largest market area: about 2/3 of all domestic volumes in the country are transmitted through the infrastructure of the six NCG partners.

NCG operates the market area's virtual trading place, which had more than 400 active participants in 2015. A total of 1,964 TWh of natural gas – two and a half times as much as Germany's total consumption – was traded on the NCG platform in 2015. On 6 February 2016, the daily traded quantity reached a peak of 7,900 GWh.

Arbitrage opportunities in Switzerland

At present, natural gas flows through the Transitgas pipeline from France and Germany to Italy. When price differences between the German and French trading places NCG and PEG and their Italian counterpart PSV are large enough, additional north-to-south short-term transmission capacity is booked. When the reverse flow project (see p. 23) is completed in 2018 and natural gas can flow from south to north, the Transitgas pipeline will be able to realise its full potential as a transmission artery than can make gas flow in either direction depending on market needs.

2.8 €227 MILLION INVESTED IN INFRASTRUCTURE PROJECTS

In 2015 the Fluxys group invested €227 million in its three core activities transmission, storage and LNG terminalling. Of the total sum invested, 83% went on infrastructure projects in Belgium and 17% on infrastructure investments outside Belgium.

Preparations began for connecting the NEL pipeline and the NCG market area

Preparations have begun for building a physical connection between the NEL and NETRA (Norddeutsche Erdgas Transversale) pipelines. This connection will allow for a second exit point on the NEL pipeline in Achim and constitute a new interconnection point between the Gaspool and NCG market areas. Thanks to this investment, grid users who are active on the NEL pipeline gain direct access to the NCG market area.

Investment decision made for the reverse flow project

In early 2015 Fluxys made the final investment decision for the reverse flow project (see p. 23).

3. Fluxys group – 2015 results (in IFRS)

The consolidation scope underwent the following changes in 2015:

In April 2015, Fluxys Europe and Enagás jointly acquired, through the joint venture Knubbsäl, Swedegas, the owner and operator of the Swedish high-pressure natural gas transmission network. Fluxys Europe has joint control over this company with Enagás, with each shareholder holding 50% of shares. This company is consequently consolidated using the equity method.

As part of the integration of the Belgian and Luxembourg markets, Fluxys Belgium and Creos set up the company Balansys on 7 May 2015, a joint venture in which Fluxys Belgium and Creos each have a 50% stake. This company will take over the integrated balancing market activity in 2016.

On 7 December 2015, Fluxys Belgium acquired the universality of Huberator’s assets for €52.8 million. This intragroup operation has no impact on the Fluxys SA group financial statements.

The lease for the Zeebrugge-Zelzate/Eynatten (RTR) border-to-border transport installations entered into between Fluxys Belgium and Finpipe had a duration of 17 years, which expired in 2015. Fluxys Belgium exercised the purchase option with effect from 15-09-2015. Finpipe will be liquidated in 2016.

In December 2015, the group acquired an additional 10% stake in Interconnector (UK). The Fluxys group has consequently acquired control of this company, with the total stake held going up to 50.75%.This additional 10% stake was acquired through Fluxys Interconnector Ltd which is 100% held by the holding company Fluxys UK Ltd. This latter company is a 100% subsidiary of Fluxys Europe. Interconnector (UK) is from now on fully consolidated.

In December 2015, Fluxys SA acquired a 25% stake in LNG Link Investment and Mahon Shipping. LNG bunkering services will be provided from Zeebrugge thanks to this vessel. These companies will be accounted for using the equity method.

3.1 CONSOLIDATED INCOME STATEMENT

Consolidated income statement of Fluxys under IFRS		In thousands of €
	31-12-2015	**31-12-2014**
Operating revenue	872,876	869,855
Sales of gas related to balancing operations and operational needs	62,107	49,287
Other operating income	15,301	21,685
Consumables, merchandise and supplies used	-3,920	-7,915
Purchase of gas related to balancing of operations and operational needs	-73,419	-64,600
Miscellaneous goods and services	-169,092	-178,642
Employee expenses	-132,463	-135,602
Other operating charges	-22,743	-26,614
Net depreciation	-272,275	-246,525
Net provisions	1,033	3,568
Impairment losses	-537	-1,902
Profit/loss from continuing operations	**276,868**	**282,595**
Earnings from associates and joint ventures	18,636	27,923
Profit/loss before financial result and tax	**295,504**	**310,518**
Change in the fair value of financial instruments	-15,497	-1,076
Financial income	44,693	11,150
Financial costs	-119,447	-101,989
Profit/loss from continuing operations after the net financial result	**205,253**	**218,603**
Income tax expenses	-51,593	-53,308
Net profit for the period	**153,660**	**165,295**
Fluxys share	121,189	129,180
Non-controlling interests	32,471	36,115

Operating revenue. Operating revenue totalled €872,876 thousand in 2015, compared to €869,855 thousand in 2014. It can be broken down as follows:

- €534,538 thousand (or 61.2% of total operating revenue) from transmission, storage and terminalling activities in Belgium and related activities; and
- €338,338 thousand (or 38.8% of total operating revenue) from non-regulated activities in Belgium and from activities outside Belgium.

Net profit for the period. The consolidated net profit was €153,660 thousand in 2015, compared to €165,295 thousand in 2014. The evolution in profit/loss can primarily be explained by the reduction in short-term sales opportunities, principally in Switzerland, by the impact of the prospective correction of depreciation on certain assets who useful life has come under review, as well as by the impact of projects under construction.

The profit/loss from regulated activity in Belgium was negatively affected by the decrease in the regulated return linked to the historic low in OLO rates. This impact was attenuated by the favourable effect of efficiency gains, and by the authorised recuperation of revaluation surpluses from divestments.

Consolidated statement of comprehensive income		In thousands of €
	31-12-2015	**31-12-2014**
Net profit for the period	**153,660**	**165,295**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses on provisions for employee benefits	12,811	-13,899
Income tax expense on these variances	-4,681	4,715
Other comprehensive income from investments in associates - Actuarial gains/losses on provisions for employee benefits	-421	-776
Items that may be reclassified subsequently to profit or loss		
Net investments in foreign operations – Translation adjustments	42,430	31,139
Net investments in foreign operations – Hedging instruments	-12,075	-7,824
Cash flow hedges	674	-18,044
Income tax expense on other comprehensive income	2,847	5,997
Other comprehensive income from investments in associates – Cash flow hedges	710	-578
Other comprehensive income	**42,295**	**730**
Comprehensive income for the period	**195,955**	**166,025**
Fluxys share	139,702	128,337
Non-controlling interests	56,253	37,688

Consolidated statement of comprehensive income. ‘Other comprehensive income’ incorporates changes in the fair value of instruments acquired by the group to hedge the exchange-rate fluctuations in its investments in CHF, GBP, SEK and USD. It also includes changes in the fair value of financial instruments that are used to swap loans with floating interest rates into loans into a fixed rate. Finally, it also reflects actuarial gains/losses on employee benefits.

3.2 CONSOLIDATED BALANCE SHEET

Consolidated balance sheet assets for Fluxys under IFRS		In thousands of €
	31-12-2015	**31-12-2014**
I. Non-current assets	**6,218,466**	**5,131,864**
Property, plant and equipment	4,551,379	3,735,331
Intangible assets	893,485	656,715
Goodwill	1,924	1,924
Investments in associates and joint ventures	439,717	553,162
Other financial assets	24,658	31,281
Finance lease receivables	0	16,641
Loans and receivables	273,606	119,803
Other non-current assets	33,697	17,007
II. Current assets	**598,463**	**934,017**
Inventories	29,236	32,748
Other current financial assets	927	0
Financial lease receivables	0	3,334
Current tax receivables	2,788	14,514
Trade and other receivables	132,797	129,409
Cash investments	121,937	503,069
Cash and cash equivalents	291,920	232,881
Other current assets	18,858	18,062
Total assets	**6,816,929**	**6,065,881**

Non-current assets. Property, plant and equipment include transmission assets (in Belgium, Germany, Switzerland, the UK and the Netherlands), storage assets at Loenhout and terminalling assets at Zeebrugge.

Intangible assets are largely derived from business combinations, especially by allocating a percentage of the price paid to the economic value of the contracts or customer base of the acquired companies, as well as intangible assets such as operating licences for the gas transmission grid, gas storage, and the LNG terminal in Zeebrugge.

The item 'Investment in associates' mainly encompasses investments in Dunkerque LNG, TAP and Knubbsäl.

All of these items are affected by the full consolidation of Interconnector (UK) since December 2015.

Current assets. The issue of a private bond for a face value of €350 million at the end of November 2014 explains the high levels temporarily achieved for the group's cash investments at the end of December 2014.

Fluxys equity and liabilities under IFRS	In thousands of €	
	31-12-2015	**31-12-2014**
I. Equity	**2,568,147**	**2,190,168**
Equity attributable to the parent company's shareholders	1,891,576	1,879,412
Share capital and share premiums	*1,779,791*	*1,779,472*
Retained earnings and other reserves	*81,670*	*89,669*
Translation adjustments	*30,115*	*10,271*
Non-controlling interests	676,571	310,756
II. Non-current liabilities	**3,764,563**	**3,139,070**
Interest-bearing liabilities	2,840,298	2,406,390
Provisions	25,581	10,392
Provisions for employee benefits	63,188	67,721
Other non-current financial liabilities	42,746	26,104
Deferred tax liabilities	792,750	628,463
III. Current liabilities	**484,219**	**736,643**
Interest-bearing liabilities	293,524	580,737
Provisions	6,503	7,945
Provisions for employee benefits	3,621	4,112
Other current financial liabilities	3,682	2,172
Current tax payables	37,242	25,155
Trade and other payables	116,327	101,940
Other current liabilities	23,320	14,582
Total equity and liabilities	**6,816,929**	**6,065,881**

Equity. (See 'Change in equity' table hereafter).

Interest-bearing liabilities. A bond issued for €350 million was repaid at maturity at the end of 2015. Fluxys Finance completed two bond issues in the form of European Private Placements over the course of December 2015 for a total of €225 million. The first, of €150 million, was issued for a duration of 30 years and the second, of €75 million was issued for a duration of 20 years.

These transactions enabled Fluxys to diversify the duration of its financing under advantageous conditions.

The balance of interest-bearing liabilities can be explained by the effect of the change in consolidation scope related to the global consolidation of Interconnector (UK).

3.3 Change in equity

Change in equity			In thousands of €
	Equity attributable to the parent company's shareholders	**Non-controlling interests**	**Total equity**
CLOSING BALANCE AS AT 31-12-2014	**1,879,412**	**310,756**	**2,190,168**
1. Comprehensive income for the period	139,702	56,253	195,955
2. Dividends paid	-125,679	-27,617	-153,296
3. Change in the consolidation scope	0	338,153	338,153
4. Capital increases / decreases	319	-974	-655
5. Other changes	-2,178	0	-2,178
CLOSING BALANCE AS AT 31-12-2015	**1,891,576**	**676,571**	**2,568,147**

As at 31 December 2015, Fluxys' shareholder structure was as follows:

- 77.73%: Publigas
- 19.96%: Caisse de dépôt et placement du Québec
- 2.14%: SFPI
- 0.17%: employees and management

Non-controlling interests amount to €676,571 thousand, representing the 10.03% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries as well as the 49.8% and 49.25 % held by minority shareholders in FluxSwiss and Interconnector (UK).

3.4 SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Summary of the consolidated cash flow statement		In thousands of €
	31-12-2015	**31-12-2014**
Cash and cash equivalents, opening balance	**232,881**	**183,851**
Cash flows from operating activities (1)	422,193	535,018
Cash flows used in investment activities (2)	-413,205	-210,863
Cash flows used in financing activities (3)	36,066	-277,616
Increase/decrease in cash	**45,054**	**46,539**
Translation adjustments in cash and cash equivalents	13,985	2,491
Cash and cash equivalents, closing balance	**291,920**	**232,881**

(1) Cash flows from operating activities also include changes in the working capital requirement.

(2) This amount takes disinvestments into account.

(3) These include dividends paid.

3.5 RESULTS OF SUBSIDIARIES

Fluxys Belgium SA (consolidated subsidiary – Fluxys stake 89.97%). Fluxys Belgium is the independent operator of the natural gas transmission and storage infrastructure in Belgium. Fluxys Belgium's equity was €728.5 million as at 31 December 2015, compared with €764.3 million the previous year. The net profit for financial year 2015 was €49.4 million, compared with €47.8 million in 2014.

Fluxys LNG SA (consolidated subsidiary – Fluxys Belgium stake 99.99%, 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 €200.1 million at 31 December 2015, compared with €209.4 million the previous year. The net profit for financial year 2015 was €10.9 million, compared with €14.4 million in 2014.

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 2015, just as the previous year.

Fluxys Finance SA (consolidated subsidiary – Fluxys stake 99.999%, Fluxys Europe stake 0.001 %).
Fluxys Finance is responsible for the consolidated management of the liquidity of the Fluxys group, attending to the group's financing needs, and managing the financial risks at all levels of the group. Fluxys Finance's equity was €123.1 million at 31 December 2015, compared with €122.7 million the previous year. The net profit for financial year 2015 was €6.8 million, compared with €8.2 million in 2014.

Fluxys Europe BV (consolidated subsidiary – Fluxys stake 100%). Fluxys Europe is a company established under Dutch law. It incorporates Fluxys' non-regulated activities in Belgium and its activities outside Belgium. Fluxys Europe's equity was €466.5 million at 31 December 2015, compared with €419.5 million the previous year. The net profit for financial year 2015 was €47.0 million, compared with €50.9 million in 2014.

Fluxys BBL BV consolidated subsidiary – Fluxys Europe stake 100%). Fluxys BBL is a company established under Dutch law. The company holds a 20% stake in BBL Company VOF, which operates and commercialises the subsea natural gas pipeline between Bacton and Balgzand. Fluxys BBL's equity was €66.2 million at 31 December 2015, compared with €56.5 million the previous year. The net profit for financial year 2015 was €11.0 million, compared with €10.1 million in 2014.

FluxSwiss SAGL (consolidated subsidiary – Fluxys Europe stake 50.2%). FluxSwiss is a company established under Swiss law. It owns 46% of Transitgas AG and as an independent transmission system operator has the right to commercialise 90% of capacity in the Transitgas pipeline. FluxSwiss' equity was CHF 419.4 million at 31 December 2015, compared with CHF 419.8 million the previous year. The net profit for financial year 2015 was CHF 28.5 million, compared with CHF 28.9 million in 2014.

Fluxys TENP GmbH (consolidated subsidiary – Fluxys Europe stake 100%). Fluxys TENP is a company established under German law. It has a 49% stake in the owner of the TENP pipeline, TENP KG, and a 50% stake in TENP GmbH, which operates the pipeline. As an independent transmission system operator, Fluxys TENP has the right to commercialise 64.25% of capacity in the TENP pipeline. Fluxys TENP's equity was €59.4 million at 31 December 2015, compared with €51.5 million the previous year. The net profit for financial year 2015 was €4.9 million, compared with €8.0 million in 2014.

Fluxys Deutschland GmbH Fluxys Deutschland GmbH (consolidated subsidiary – Fluxys Europe stake 100%). Fluxys Deutschland is a company established under German law, which incorporates the 23.87% stake in the North European Gas Pipeline (NEL). Fluxys Deutschland's equity was €116.7 million at 31 December 2015, compared with €107.3 million the previous year. The net profit for financial year 2015 was €9.5 million, compared with a €8.4 million in 2014.

Gas Management Services Limited (consolidated subsidiary – Fluxys Europe stake 100%). All players in the natural gas chain, including producers, LNG importers, traders, suppliers and end users, can subcontract follow-up of nominations for their natural gas movements and transfers to the operational support services offered by Gas Management Services Limited (GMSL). GMSL's equity was £4.3 million at 31 December 2015, compared with £3.9 million the previous year. The net profit for financial year 2015 was £4.3 million, compared with £3.8 million in 2014.

Huberator (consolidated subsidiary – Fluxys Europe stake 90%). Huberator was the operator of Zeebrugge Trading Point (ZTP) until the end of August 2015 and provided a package of services to customers trading volumes of gas. These hub activities in Belgium were taken over by Fluxys Belgium since September 2015 and are regulated since 2016. Huberator's equity was €0.4 million at 31 December 2015, just as the previous year. The net profit for financial year 2015 was €37.8 million, compared with €4.4 million in 2014.

Finpipe (consolidated company – Fluxys SA stake 99%, Fluxys Finance stake 1%). Finpipe is the company giving the RTR installation in finance lease to Fluxys Belgium. The contract contains a purchase option exercised in 2015. This company is fully consolidated. Finpipe's equity was €12.4 million at 31 December 2015 compared with €12.4 million the previous year. The net profit for financial year 2015 was €14.7 million compared with €2.8 million in 2014.

Dunkerque LNG SAS (consolidated using the equity method – Fluxys Europe stake 25%). Dunkerque LNG SAS is a company established under French law and is owner of the LNG terminal project in Dunkirk. Dunkerque LNG's equity was €959.9 million at 31 December 2015, compared with €726.5 million the previous year. The net loss for financial year 2015 was €-16.8 million, compared with €-14.4 million in 2014.

Gaz-Opale SAS (consolidated using the equity method – Fluxys Europe stake 49%, Dunkerque LNG stake 51%). Gaz-Opale is a company established under French law and was set up by Fluxys, in partnership with Dunkerque LNG, to oversee operation of the LNG terminal. Gaz-Opale's equity was €0.4 million at 31 December 2015, compared with €0.4 million the previous year.

Interconnector (UK) Limited (consolidated subsidiary - stake 50.75%). Interconnector (UK) Limited (IUK), a company established under British law in 1994, operates the 235-km subsea pipeline and the coastal landing terminals at Bacton in the United Kingdom and Zeebrugge for the transmission of natural gas, in both directions, between the British and continental European markets. The equity of Interconnector (UK) was £51.0 million at 31 December 2015, compared with £47.7 million the previous year. The net profit for financial year 2015 was £89.2 million, compared with £90.0 million in 2014.

Fluxys UK Ltd (consolidated subsidiary – Fluxys Europe stake 100%). Fluxys UK Ltd is a company under English law and fully consolidated.

Fluxys Interconnector Ltd (consolidated subsidiary – Fluxys Europe stake 100%). Fluxys Interconnector Ltd is a company under English law and fully consolidated.

Gasbridge 1 and Gasbridge 2 (Gasbridge 1 consolidated subsidiary & Gasbridge 2 consolidated using the equity method – Fluxys Europe stake in each 50%). Gasbridge 1 and Gasbridge 2 were set up to acquire shareholdings in Interconnector (UK), Huberator and Interconnector Zeebrugge Terminal, in partnership with Snam. Gasbridge 1 and 2 have a combined stake of 31.5% in Interconnector (UK). The equity of each of the Gasbridges was €131 million at 31 December 2015. The net profit for each of the Gasbridges for financial year 2015 was €16.8 million.

TAP (consolidated using the equity method – Fluxys Europe stake 19%). TAP is a piece of infrastructure that will transmit gas from Azerbaijan to Europe along the Southern Gas Corridor. This participation is now consolidated using the equity method, given the considerable influence exercised by the Fluxys group.

Balansys (consolidated using the equity method – Fluxys Belgium stake 50%). As part of the integration of the Belgian and Luxembourg markets, Fluxys Belgium and Creos set up the company Balansys on 7 May 2015, a joint venture in which Fluxys Belgium and Creos each have a 50% stake. This company will take over the integrated balancing market activity in 2016.

Knubbsäl – Swedegas (consolidated using the equity method – Fluxys Europe stake 50%). Fluxys Europe acquired a 50% stake in Knubbsal - Swedegas in April 2015. This participation is consolidated using the equity method.

LNG Link Investment & Mahon Shipping (consolidated using the equity method – Fluxys Europe stake 25%). Fluxys SA acquired a 25% stake in LNG Link Investment and Mahon Shipping. These companies are accounted for using the equity method.

4. Fluxys SA – 2015 results (under Belgian GAAP)

Fluxys' net profit for is €83,243 thousand compared with €123,883 thousand the previous year. The profit for the financial year mainly consists of the dividends paid by Fluxys Belgium, Finpipe and Fluxys Finance.

If the proposal for the allocation of the profit is accepted at the General Meeting, the gross dividend for financial year 2015 will be €132,052 thousand.

5. Outlook 2016

Given the expansion of the company's business activities and barring any unforeseen circumstances, Fluxys expects to pay out a dividend at the end of financial year 2016 that is at least equivalent to the recurring dividend for 2015 if OLO rates remain at the same level.

6. Principal risks, uncertainties and opportunities

6.1 The framework

Legal aspects. Fluxys is a company created in Belgium and therefore subject to Belgian legislation. In addition to its Articles of Association, Fluxys developed a corporate governance charter that describes, within the confinements of the Belgian law, the company's functioning. Among others, the corporate governance charter contains internal organisation rules for the Audit Committee and the Appointment and Remuneration Committee, set up within the Board of Directors.

Code of Conduct. Furthermore, Fluxys has established a Code of Conduct, describing the principles of integrity, ethics and general conduct that are applicable for all employees of the Fluxys organisation.

6.2 General implementation

Guideline. Fluxys has established a risk management system on the basis of the COSO framework. A guideline describes which risk management related activities have to be performed when and by whom.

In each subsidiary a risk owner has been designated. On an annual basis, this risk owner has to inform the Fluxys risk manager about the status of the already identified risks, the ongoing action plans to further reduce risks to an acceptable level if necessary and about emerging risks. The impact of all risks is evaluated either in terms of safety, gas supply, impact on EBITDA or reputation (or a combination of these). Beside the evaluation of the impact, an estimate of the likelihood of the risk to materialise is also made. All risks are then plotted on a risk matrix allowing combining likelihood of occurring and impact.

Risks are grouped in three categories:

1. Non-acceptable risks, i.e. risks with a high likelihood of occurring and a high impact; these risks must be mitigated to reduce either the likelihood or the impact, or both. For each of these risks, the business unit manager and/or risk owner examines the possibilities to mitigate these risks and an action plan is developed to reduce the risk.
2. Medium risks, i.e. risks that require a close follow-up of actual measures in place to reduce the risks. Additional measures may be desired and should be considered on two dimensions: cost versus resulting reduction of likelihood or impact and technical feasibility. For these risks the ALARP (As Low As Reasonably Possible) applies.

3. Low risks, i.e. risks with a low impact and/or likelihood. For these risks a close follow-up of actual measures in place is normally sufficient and no additional measures are required as the risk is acceptable. However, the principles of continuous improvement also apply for these risks.

In addition to the annual update of the risk register, risk information as well as information on action plans to reduce risks is shared with the Internal Audit Department, allowing the department following up on the effectiveness and efficiency of the mitigating actions. Furthermore, on a quarterly basis, all subsidiaries have to report on any ongoing or new legal proceedings with an estimation of the impact and likely outcome, to enable the necessary actions and provisions to be undertaken.

Reporting to the Audit Committee. Every year the Audit Committee is informed about the risk management method and the most important risks as well as the mitigating measures.

6.3 Overview of the major risk areas

Growth in activity. In a bid to safeguard its future growth and profitability on a European gas market undergoing sweeping changes, Fluxys' unique position in terms of location, competencies and know how, enables it to seize opportunities to invest in new and existing network, pipeline or LNG terminalling projects. This will enable Fluxys to further consolidate its position on the major gas transit axes. Implementing such projects could give rise to various risks and uncertainties, such as differences in corporate culture, services, regulation and markets as well as operational and technical risks. Fluxys conducts an in-depth risk analysis for each project. Greenfield and brownfield projects, such as the LNG-terminal in Dunkerque, the transshipment project and the Trans-Adriatic Pipeline also bring important risks in terms of timely commissioning and budget overruns. For this reason, Fluxys carefully follows up progress of these projects. Moreover, the investments are backed by long term contracts. The risks associated with projects in which Fluxys takes part are no greater than the risk profile accepted by the shareholders.

The market dynamic also brings with it a number of opportunities. Thanks to the Alveringem-Maldegem pipeline, the Zeebrugge logistical hub will gain even greater importance and has the potential to attract additional transit flows. To develop its activities, Fluxys also looks for strong financial and industrial partners such as GIP and Enagas with whom to collaborate.

Market Risk. The current market situation puts both transmission and storage of natural gas under pressure, which has an impact on the amount of capacity actually reserved. In this context, Fluxys and its subsidiaries are working hard to make their services even more attractive and to keep their tariffs as competitive as possible.

- Due to the stagnant economic situation in Europe, the tendency to de-carbonize the energy mix in favour of amongst others renewable energy sources results in a declining demand for natural gas. For this reason, Fluxys is carefully considering where to invest in new infrastructure.
- While the number of long-term contracts is reducing, the number of short-term transmission contracts is on the rise. This trend is resulting in increasing difficulty to decide on investments. By monitoring the market closely and organising targeted marketing campaigns on the one hand, and offering competitive tariffs on the other, Fluxys is reducing the associated risks as far as possible. Whenever possible Fluxys is also pro-actively taking actions to safeguard its future position in the market. For example, Fluxys actively promotes its assets in the scope of new natural gas flows that will substitute the declining European production. Another example is the preparation of the post 2018 situation for IUK through organizing open season and offering capacity reshuffling.
- Today, natural gas-fired power plants are priced out of the market: a high penetration of renewable energy in combination with low coal prices and low CO_2 emission prices, result in low load factors for gas-fired plants throughout Europe. The UK is an exception to the rule as the country introduced a carbon floor price. The inactivity of the power plants has an important impact on capacity bookings for power plants. The uncertainty regarding these bookings remains present in the future: it is unclear how the CO_2 emission price and, on top of that, a number of countries reinforce this uncertainty with lack of clarity on the timing of a nuclear phase-out.
- The end of Dutch L-gas by 2030 and already declining as of 2024, may lead to the end of L-gas transit flows through Belgium which may not be compensated by new H-gas transit flows. Furthermore, the gradual disappearance of L-gas and subsequent conversion to H-gas represents a potential risk for loss of market share as L-gas users can opt for energy sources other than natural gas.

- In addition, Fluxys Belgium's storage activity is facing particularly fierce competition for annual contracts due to an increased offer of storage and other flexibility services in Europe, the ample supply of gas on the market and also because of the very small summer/winter gas price spread.

Integrity of the grid and the ICT infrastructure. As an organisation, Fluxys has to take a whole range of measures to be able to safely and continuously operate the natural gas grid in Belgium, Germany and Switzerland. There is a significant safety risk connected to damage to the grid and the facilities as a result of third-party works, damage as a result of corrosion or incidents during maintenance works. One specific risk for operational activities is ICT security (availability and cyber security). The proper functioning of the grid is increasingly dependent on ICT and IC systems on the one hand, whereas cyber criminality is becoming more organized and practised on the other hand. With this in mind, Fluxys takes the necessary precautions to keep its systems in optimal condition and protect them from outside threats.

Regulatory framework. The Fluxys group operates in an ever more tightly regulated environment. For the border-to-border transmission activity, which is heavily subject to competition, the European regulatory framework not only brings along a shift towards a short-term market but also strongly reduces commercial flexibility and the possibility to introduce innovative services responsive to market needs. This evolution reflects the growing risk of the European regulatory framework bending into over-regulation and achieve the opposite effect to what is intended: although the aim is to create a framework for market-based competition, the framework tends to replace market-based principles by a central planning model.

In Belgium, Fluxys Belgium and Fluxys LNG are subject to the Gas Act of 12 April 1965 concerning the transmission of gaseous and other products by pipeline, as subsequently amended. Natural gas transmission, natural gas storage and LNG terminalling activities are regulated in Belgium. Subsidiaries in the rest of the European Union are subject to the regulatory framework of their respective host countries.

The regulatory framework for activities in Belgium and the rest of the EU is heavily governed by European law (especially Directive 2009/73/EC concerning common rules for the internal market in natural gas, and Regulation (EC) No. 715/2009 on conditions for access to natural gas transmission networks), which Fluxys duly takes into account. Therefore, any change in the regulatory framework applicable to the Fluxys group can have an impact on its activities, financial position and results.

On a general note National Regulatory Authorities across Europe include government bond interest rates in their tariff methodologies as a factor influencing regulated return. As these rates have been deteriorating since a couple of years, this evolution translates into lower regulated returns.

Foreign exchange risk. Some of the Fluxys group's current cash flows are generated in currencies other than euro, primarily in CHF, GBP and SEK. Since the euro is the Fluxys group's functional currency, a fluctuation in the exchange rate between the euro and the cash flows in foreign currencies could affect Fluxys' income statement and consolidated balance sheet when these currencies are converted into euro. However, in line with the group's financial policy, foreign currency exposures are hedged as from the moment they are becoming certain by financial instruments such as foreign exchange swaps, forwards and cross currency rate swaps. As far as possible, these financial instruments are qualified as hedging instruments, so that the accounting impact of exchange-rate variations on the income statement is limited.

Interest risk. Some of the Fluxys group's current loans were taken out at floating interest rates. A fluctuation in interest rates could affect Fluxys' income statement. However, in line with the group's financial policy, these risks are hedged as much as possible by financial instruments such as interest rate swaps (IRS). In recent financing contracts, the interest rates payable under the loan facility agreement are floored at 0% (in some cases the floor relates to the reference rates, in other cases to the all-in interest rate). When this documentary derivative is not reflected in the IRS hedging, this might generate additional exposure to interest rate variation (this is the case in Switzerland for the financing of FluxSwiss and Transitgas, and in Sweden for the financing of Knubbsäl). These floor exposures are closely monitored. In addition, the low or negative interest rates put a strain on operational revenue and make it more difficult to attract partners to further develop and expand the activities.

Counterparty risk. Cash surpluses belonging to Fluxys group subsidiaries are deposited with Fluxys Finance under cash pooling agreements (except for Flux Re, project financed subsidiaries and subsidiaries where Fluxys does not own a majority stake in the share capital). This cash surplus is lent to group subsidiaries through intra-group loans. The monitoring performed by Fluxys on its subsidiaries makes this counterparty risk on subsidiaries limited and under control. Residual cash surplus within the group is invested in financial products. In terms of Fluxys Finance, the risk of counterparties defaulting is very small, since Fluxys Finance invests the cash surplus with prominent financial institutions, in financial instruments issued by companies with an investment grade rating or in financial instruments issued by companies which a creditworthy public majority shareholder.

As per its policy for managing counterparty risk, Fluxys performs a credit analysis of its customer base in terms of profitability, liquidity and solvency based on internal information as well as specialised databases with financial information and market research. This analysis is supplemented with external credit rating information when available. Through this approach, the group's exposure to credit risk both in terms of default and in terms of concentration of customers is reduced. Major suppliers are also screened in order to safeguard the long-term prospects of the collaboration.

Liquidity risk. The Fluxys group runs a capital intensive business and as such it is relying on external financing (amongst other) to fund its operational and investment activities. In the scope of its business development and refinancing obligations, the group is subject to a liquidity risk. Debt capital markets are not always offering sufficient access to the required liquidities, especially in times of distressed economic and geo-political circumstances. Fluxys policy is to maintaining privileged access to the debt capital through the implementation of appropriate and confirmed credit lines, a strong banking and investors' network and strong and bankable credit metrics.

7. Research and development

During the past financial year, Fluxys was involved in research and development projects relating to various domains, ranging from safe operation of natural gas pipelines and facilities, facility design, ICT applications for customers to new applications for natural gas use. Since 2012, the company has also been focusing on developing new niches for natural gas use.

Deodorisation plant in Germany

Fluxys has decided to build a deodorisation plant on the German-Swiss border as part of the reverse flow-project (see p. 23). The plant represents a breakthrough in interoperability technology in Europe as it will enable gas to be imported to Germany from countries with other odorisation practices. Small-scale odorisation tests are currently being conducted in preparation for the full-scale facility's construction.

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.

Since 2013, Fluxys Belgium has joined forces with 10 other European companies (including natural gas and electricity system operators) to form the European Power to Gas Platform. The platform aims to bring together all the players to monitor the technology and exchange best practices.

Fluxys is also working with a number of partners (Hydrogenics, Elia, Eandis, Colruyt Group, Waterstofnet and Umicore) on the Roadmap Power to Gas Flanders project. The study is set for completion in 2016, with the working group due to propose supporting measures to bring power-to-gas technology to the market more quickly. The partners' efforts are backed by Enterprise Flanders (*Vlaams Agentschap Ondernemen*).

Injection of biomethane and hydrogen into gas grids

Blending biomethane or hydrogen with natural gas in grids is one way of reducing the carbon footprint of natural gas and supplying greener gas for heating, electricity generation, transport, industrial processes, and so on.

Biomethane is the gas that is left when the CO_2 is removed from biogas. Biogas is gas produced from green waste and, like natural gas, its main component is methane.

Fluxys subsidiary Fluxys Belgium is involved in various working groups examining the quality requirements biomethane must meet before it can be injected into a gas grid and what the impact may be.

For some time now, efforts have been made to foster the Swedish biogas market with a view to meeting CO_2 emission reduction targets and shoring up Sweden’s security of supply. With that in mind, the GoBiGas plant in Gothenburg has been connected to the Swedegas grid and the resulting blend of biogas and natural gas is being transmitted throughout the grid.

As regards the injection of hydrogen into the natural gas grid, Fluxys Belgium has finalised the HIPS (Hydrogen In Pipeline Systems) study as part of the European Gas Research Group (GERG). The study’s results show that it is theoretically possible to blend large quantities of hydrogen with natural gas, but that it is important to bear in mind higher sensitivity to hydrogen for some projects.

8. Corporate governance

Composition of the Board of Directors

On 12 May 2015 the Annual General Meeting decided – upon the proposal of the Board of Directors and the advice of the Appointment and Remuneration Committee – to appoint Andries Gryffroy as a director, replacing Luc Janssens. His directorship will expire following the Annual General Meeting in 2021.

Management team

On 16 December 2015 the Board of Directors of Fluxys appointed Pascal De Buck to succeed Walter Peeraer as Managing Director and Chief Executive Officer, with effect from 1 January 2016. Pascal De Buck’s appointment will be confirmed by the Annual General Meeting of 10 May 2016.

On 1 July 2015 the Board of Directors unanimously decided to appoint Arno Büx as Chief Commercial Officer, with effect from 1 October 2015.

II. Consolidated financial statements under IFRS

1. General information on the company

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

Group activities. The Fluxys group's activities are essentially split into two main clusters.

The first focuses on the transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. In addition to these activities which fall under the Gas Act[5], the Fluxys group also carries out complementary services related to the activities described above.

The second covers the management of non-regulated activities in Belgium and activities outside Belgium.

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

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

2. Consolidated financial statements of the Fluxys group under IFRS

A. Consolidated balance sheet

Consolidated balance sheet			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
I. Non-current assets		**6,218,466**	**5,131,864**
Property, plant and equipment	12	4,551,379	3,735,331
Intangible assets	13	893,485	656,715
Goodwill	14	1,924	1,924
Investments in associates and joint ventures	15	439,717	553,162
Other financial assets	16/33	24,658	31,281
Financial lease receivables	17/33	0	16,641
Loans and receivables	18/33	273,606	119,803
Other non-current assets	18	33,697	17,007
II. Current assets		**598,463**	**934,017**
Inventories	19	29,236	32,748
Other current financial assets	33	927	0
Financial lease receivables	17/33	0	3,334
Current tax receivable	20	2,788	14,514
Trade and other receivables	21/33	132,797	129,409
Cash investments	22/33	121,937	503,069
Cash and cash equivalents	22/33	291,920	232,881
Other current assets	23	18,858	18,062
Total assets		**6,816,929**	**6,065,881**

Consolidated balance sheet			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
I. Equity	24	**2,568,147**	**2,190,168**
Equity attributable to the parent company's shareholders		1,891,576	1,879,412
Share capital and share premiums		*1,779,791*	*1,779,472*
Retained earnings and other reserves		*81,670*	*89,669*
Translation adjustments		*30,115*	*10,271*
Non-controlling interests		676,571	310,756
II. Non-current liabilities		**3,764,563**	**3,139,070**
Interest-bearing liabilities	25/33	2,840,298	2,406,390
Provisions	26	25,581	10,392
Provisions for employee benefits	27	63,188	67,721
Other non-current financial liabilities	33	42,746	26,104
Deferred tax liabilities	28	792,750	628,463
III. Current liabilities		**484,219**	**736,643**
Interest-bearing liabilities	25/33	293,524	580,737
Provisions	26	6,503	7,945
Provisions for employee benefits	27	3,621	4,112
Other current financial liabilities	33	3,682	2,172
Current tax payables	29	37,242	25,155
Trade and other payables	30/33	116,327	101,940
Other current liabilities	31	23,320	14,582
Total liabilities and equity		**6,816,929**	**6,065,881**

B. Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Operating revenue	4	872,876	869,855
Sales of gas related to balancing operations and operational needs		62,107	49,287
Other operating income	5	15,301	21,685
Consumables, merchandise and supplies used	6	-3,920	-7,915
Purchase of gas related to balancing of operations and operational needs		-73,419	-64,600
Miscellaneous goods and services	6	-169,092	-178,642
Employee expenses	6	-132,463	-135,602
Other operating expenses	6	-22,743	-26,614
Net depreciation	6	-272,275	-246,525
Net provisions	6	1,033	3,568
Impairment losses	6	-537	-1,902
Profit/loss from continuing operations		**276,868**	**282,595**
Earnings from associates and joint ventures	9	18,636	27,923
Profit/loss before financial result and tax		**295,504**	**310,518**
Change in the fair value of financial instruments	8	-15,497	-1,076
Financial income	7	44,693	11,150
Finance costs	8	-119,447	-101,989
Profit/loss from continuing operations after net financial result		**205,253**	**218,603**
Income tax expenses	10	-51,593	-53,308
Net profit/loss for the period	11	**153,660**	**165,295**
Fluxys share		121,189	129,180
Non-controlling interests		32,471	36,115

C. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Net profit/loss for the period	11	**153,660**	**165,295**
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/losses on provisions for employee benefits	26	12,811	-13,899
Income tax expense on these variances		-4,681	4,715
Other comprehensive income from investments in associates - Actuarial gains/losses on provisions for employee benefits		-421	-776
Items that may be reclassified subsequently to profit or loss			
Net investments in foreign operations – Translation adjustments		42,430	31,139
Net investments in foreign operations – Hedging instruments	33	-12,075	-7,824
Cash flow hedges	33	674	-18,044
Income tax expense on other comprehensive income		2,847	5,997
Other comprehensive income from investments in associates – Cash flow hedges		710	-578
Other comprehensive income		**42,295**	**730**
Comprehensive income for the period		**195,955**	**166,025**
Fluxys share		139,702	128,337
Non-controlling interests		56,253	37,688

D. Consolidated statement of changes in equity

Consolidated statement of changes in equity	Share capital	Share premium	Retained earnings	Cash flow hedge
I. OPENING BALANCE as at 31-12-2013 restated	**1,698,596**	**80,876**	**99,766**	**-1,472**
1. Comprehensive income for the period	0	0	129,180	-8,713
2. Dividends paid	0	0	-119,655	0
3. Changes in the consolidation scope	0	0	0	0
4. Capital increases/decreases	0	0	0	0
5. Other changes	0	0	0	0
II. CLOSING BALANCE AS AT 31-12-2014	**1,698,596**	**80,876**	**109,291**	**-10,185**
1. Comprehensive income for the period	0	0	121,189	224
2. Dividends paid	0	0	-125,679	0
3. Changes in the consolidation scope	0	0	0	0
4. Capital increases/decreases	319	0	0	0
5. Other changes	0	0	-2,178	0
III. CLOSING BALANCE AS AT 31-12-2015	**1,698,915**	**80,876**	**102,623**	**-9,961**

					In thousands of €
Net investments in foreign operations	**Reserves for employee benefits**	**Translation adjust-ments**	**Equity attributable to the parent company's shareholders**	**Non-controlling interests**	**Total equity**
3,947	**1,998**	**-12,981**	**1,870,730**	**307,166**	**2,177,896**
-6,358	-9,024	23,252	128,337	37,688	166,025
0	0	0	-119,655	-30,478	-150,133
0	0	0	0	0	0
0	0	0	0	-3,620	-3,620
0	0	0	0	0	0
-2,411	**-7,026**	**10,271**	**1,879,412**	**310,756**	**2,190,168**
-9,170	7,615	19,844	139,702	56,253	195,955
0	0	0	-125,679	-27,617	-153,296
0	0	0	0	338,153	338,153
0	0	0	319	-974	-655
0	0	0	-2,178	0	-2,178
-11,581	**589**	**30,115**	**1,891,576**	**676,571**	**2,568,147**

E. Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2015	**31-12-2014**
I. Cash and cash equivalents, opening balance	**232,881**	**183,851**
II. Net cash flows from operating activities	**422,193**	**535,018**
1. Cash flows from operating activities	**466,269**	**569,836**
1.1. Profit/loss from continuing operations	**276,868**	**282,595**
1.2. Non cash adjustments	**215,787**	**243,155**
1.2.1. Depreciation	272,275	246,525
1.2.2. Provisions	-1,033	-3,568
1.2.3. Impairment losses	537	1,902
1.2.4. Translation adjustments	-65,453	-10,596
1.2.5. Non cash adjustments	9,461	8,892
1.3. Changes in working capital	**-26,386**	**44,086**
1.3.1. Inventories	3,512	16,659
1.3.2. Tax receivables	11,726	-3,310
1.3.3. Trade and other receivables	2,136	-1,862
1.3.4. Other current assets	-167	2,605
1.3.5. Tax receivables	-23,485	863
1.3.6. Trade and other payables	-6,645	20,639
1.3.7. Other current assets	-5,334	10,394
1.3.8. Other changes in working capital	-8,129	-1,902
2. Cash flows relating to other operating activities	**-44,076**	**-34,818**
2.1. Current tax	-88,300	-89,344
2.2. Interests from short-term investments, cash and cash equivalents	4,989	8,695
2.3. Inflows related to equity accounted investees (dividends received)	33,394	45,580
2.4. Other inflows (outflows) relating to other operating activities	5,841	251

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2015	**31-12-2014**
III. Net cash flows relating to investment activities	**-413,205**	**-210,863**
1. Acquisitions	**-440,721**	**-223,033**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-230,455	-118,449
1.2. Payments to acquire subsidiaries, joint arrangements or associates	-204,758	-93,816
1.3. Payments to acquire other financial assets	-5,508	-10,768
2. Disposals	**7,408**	**9,547**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	7,372	9,526
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	0	0
2.3. Proceeds from disposal of other financial assets	36	21
3. Dividends received classified as investment activities	**8**	**44**
4. Subsidies received	**20,100**	**2,579**
5. Other cash flows relating to investment activities	**0**	**0**
IV. Net cash flows relating to financing activities	**36,066**	**-277,616**
1. Proceeds from cash flows from financing	**408,032**	**484,005**
1.1. Proceeds from issuance of equity instruments	319	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	3,334	2,874
1.4. Proceeds from other non-current assets	9,431	9,005
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	394,948	472,126
2. Repayments relating to cash flows from financing	**-492,270**	**-206,185**
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	-47	-63
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-492,223	-206,122

Consolidated statement of cash flows (indirect method)		In thousands of €
	31-12-2015	**31-12-2014**
3. Interests	**-104,380**	**-92,790**
3.1. Interest paid classified as financing	-104,517	-92,972
3.2. Interest received classified as financing	137	182
4. Dividends paid	**-156,448**	**-153,753**
5. Increase (-) / Decrease (+) of short-term investments	**381,132**	**-308,893**
6. Bank overdrafts increased (decreased)	**0**	**0**
7. Other cash flows relating to financing activities	**0**	**0**
V. Net change in cash and cash equivalents	**45,054**	**46,539**
Translation adjustments in cash and cash equivalents	13,985	2,491
VI. Cash and cash equivalents, closing balance	**291,920**	**232,881**

3. Notes

Note 1a. Shareholder structure and capital increases

Publigas established the public limited company Fluxys on 12 July 2010, into which it transferred its stake (89.97%) in Fluxys Belgium SA on 10 September 2010.

On 30 March 2011, Caisse de dépôt et placement du Québec acquired a 10% stake in Fluxys SA, by means of a €150 million capital increase.

On 28 November 2011, Fluxys carried out a second capital increase of €300 million.

In 2012, 2013 and 2015, Fluxys carried out capital increases for a total amount of €145.8 million, of which €34.7 million uncalled. As a result of these capital increases the Société Fédérale de Participations et d'Investissement (SFPI) has entered the capital of Fluxys as well as the employees and management of the group.

As at 31 December 2015, Fluxys' shareholder structure was as follows:

- 77.73%: Publigas
- 19.96%: Caisse de dépôt et placement du Québec
- 2.14%: SFPI
- 0.17%: employees and management

Note 1b. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys 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 1c. Judgement 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 judgement as to the revenues and expenses of the financial year.

Significant estimates made by the group in the preparation of the financial statements relate mainly to the fair value of acquired assets and assumed liabilities, (see Note 3), the valuation of the recoverable amount of property, plant and equipment and intangible assets, (see Notes 12 and 13), and the valuation of provisions, in particular for litigation (see Notes 26 and 32) and for pension and related liabilities (see Note 27).

The criteria used for the classification of joint arrangements are included in the accounting policies (see Note 2.4) and Note 3.2.

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.

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

Note 1d. Date of authorisation for issue

The Board of Directors of Fluxys SA authorised these IFRS financial statements for issue on 30 March 2016.

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

IAS 19 Employee benefits:

Belgian law requires that the employer guarantee a minimum return for defined contribution, which varies, since the end of 2015, based on the market rates.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit' plans.

Note 2.16 has now been adjusted to specify the accounting treatment applied.

This adjustment has had no impact on the results of the financial year.

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

The following standards and interpretations apply since 1 January 2015:

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

The standards applicable since 2015 have had no material impact on the group's financial statements.

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 subsequent amendments (effective for annual periods beginning on or after 1 January 2018, but not yet endorsed at European level)
- IFRS 15 - Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018, but not yet endorsed at European level)
- IFRS 16 - Leases (effective for annual periods beginning on or after January 2019 but not yet endorsed at European level)
- Improvements to IFRS (2010-2012) (effective for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (effective date has been deferred indefinitely)
- Amendments to IFRS 11 – Joint arrangements – Accounting for acquisitions of interests in joint operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 - Presentation of financial statements – Disclosure initiative (effective for annual periods beginning on or after 1 January 2016)
- 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)
- Amendments to IAS 19 Employee benefits - Employee contributions (effective for annual periods beginning on or after 1 February 2015)

The possible impact of IFRS 9, 15 and 16 on the financial statements is currently being examined by the group.

Note 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 30 March 2016.

Changes or additions compared with the previous financial year are <u>underlined</u>.

2.1. General principles

The financial statements fairly present the Fluxys 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 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 book value 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 authorisation 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 group's consolidated financial statements have been prepared in accordance with IFRS and in particular with 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 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 it holds existing rights that give the current ability to direct the relevant activities, i.e. the activities of the investee that significantly affect the investee's returns, even if it does not hold the majority of the voting rights in the investee concerned.

The parent entity must consolidate the subsidiary as of 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 financial year are included in the consolidated income statement and in the consolidated statement of comprehensive income as of 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 partnership in which the parties which exercise joint control over the company have rights to the assets and obligations for liabilities relating thereto. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists 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 the IFRS which apply to these 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, without exercising control or joint control over these policies.

A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists 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 consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified an asset held for 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 decrease 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 is in line 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 surplus, 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 surplus 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).

In case of a business combination realised in stages, the group reassesses the participation it previously held in the acquired company at the acquisition-date fair value and accounts for any gain or loss in the net results.

Changes in participations in subsidiaries of the group which do not result in a loss of control are recognised as equity transactions.

When the group loses control of a subsidiary, a gain or loss is accounted for in the net results and is calculated as the difference between:

- the total fair value of the consideration received and the fair value of any retained participation and
- the previous book value of the subsidiary's assets (including goodwill) and liabilities.

All amounts previously recognised in other items of comprehensive income relating to the subsidiary are recognised as if the group had directly disposed of the related subsidiary's assets or liabilities. They are reclassified to net results or transferred to another category of equity in accordance with applicable IFRS.

The fair value of any participation retained in the former subsidiary at the date of loss of control must be regarded as the fair value on initial recognition for subsequent recognition under IAS 39 or, where applicable, as the cost on initial recognition of an investment in an associate or joint venture.

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 using the closing rate and the income and expenses are translated using the average exchange rate for the period unless the exchange rate has fluctuated considerably.

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

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

The main depreciation periods are as follows:

- 40 years for the fixed asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium;
- 20 to 40 years for the customer portfolios;
- 20 years for the fixed asset 'sole operator of the LNG facilities';
- years for computer software.

Intangible assets 'customer portfolios' may be depreciated under a diminishing balance method which reflects more closely the way that the Group expects to consume the future economic benefits associated with these assets.

Subsequent expenditure is capitalised 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 financial 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 book value 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 recognised when their book value exceeds their recoverable amount.

The useful life, the depreciation 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 recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.

The emission of greenhouse gases in the atmosphere is recognised 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 derecognised 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 financial 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 recognised 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 recognised at cost in the balance sheet (cost method), less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised 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 related PPE 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.

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 recognised 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 costs 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 recognised 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 to 55 years for transmission pipelines, 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 extensions 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, as well as the potential residual value of property, plant and equipment 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 recognised at fair value or at cost if their fair value cannot be reliably established.

Changes in fair value are recognised directly in other comprehensive income until the asset is derecognised, 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 recognised in the income statement.

2.10. Financial 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 recognised 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 start 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 recognised 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 recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date.

Any expected loss is recognised 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 capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

2.13. Financial instruments

Cash investments

Investments in the form of bonds or commercial paper, having a maturity date exceeding three months, 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 depreciated cost.

Derivative instruments

The Fluxys group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks.

Derivative instruments not designated as hedging instruments

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 recognised in the income statement.

Derivative instruments designated as hedging instruments

Changes in the fair value of financial instruments designated as hedges of a net investment in an activity abroad, and which meet the associated conditions, are recognised directly in equity provided that they relate to the effective portion of the hedge and that the changes in fair value result from changes in exchange rate.

Gains or losses on hedging instruments recognised directly in equity must be recognised in the income statement when the activity abroad leaves the consolidation scope.

Changes in the fair value of financial instruments designated as cash flow hedges are recognised directly in group equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement. If the planned transaction is no longer likely to take place, gains or losses on the hedging instruments which were recognised directly in equity are recognised in the income statement.

2.14. Cash and cash equivalents

Cash and cash equivalents include short-term investments, 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 depreciated cost.

2.15. Trade and other receivables

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

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

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

2.16. Provisions

Provisions are recognised 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 recognised if the above conditions are not met.

The amount recognised 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 recognised, 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.

Employee benefits

Some companies in the Fluxys group have established supplementary ‘defined benefit’ or ‘defined contribution’ pension plans. Benefits provided under these plans are based on the number of years of service and the employee’s salary.

‘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 based on their salary.

In case of death before retirement, these plans provide, in Belgium, a lump sum for the surviving spouse and benefits for the 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 liabilities 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).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee’s career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations (subject to any reduction required if the amounts receivable under the insurance policies are not recoverable in full).

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. Any deficit resulting from this valuation is subject to the recognition of a provision to cover this risk.

An asset is recognised in line with the surplus of the benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or assets in the balance sheet comprise:

- actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate):
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity ('Other comprehensive income') through the other items in comprehensive income.

'Defined contribution' pension plans

The liabilities of the group with regard to 'defined contribution' plans are limited to the employer contributions paid recorded in the results.

Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but remeasurements are fully accounted for in the financial results in the financial year in which they occur.

2.17. Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at depreciated cost. The difference between the depreciated cost and the redemption value is recognised 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 face value.

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

2.19. Foreign currency assets, rights, borrowings and liabilities

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 liabilities, are valued at the closing rate.

The resulting foreign currency translation gains and losses are recognised 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 income received by the group may generate a gain or a loss compared with the target rate of return on the capital invested. Gains are reported and recognised as regulatory liabilities (under interest-bearing liabilities, current or non-current), whereas losses are included in operating revenue to offset the accounting of regulatory assets (under non-current loans and receivables or under current trade and other receivables).

2.21. Income taxes

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

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

Deferred tax liabilities and assets are measured at the income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability settled, considering the new rates if they are enacted or substantially enacted at the closing date.

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. INVESTMENTS

3.1. Consolidation scope

The consolidation scope changed as follows in 2015:

Fluxys Europe:

In April 2015, Fluxys Europe and Enagás jointly acquired, through the joint venture Knubbsäl, Swedegas, the owner and operator of the Swedish high-pressure natural gas transmission network. Fluxys Europe has joint control over this company with Enagás, with each shareholder holding 50% of shares. This company is as a result consolidated using the equity method.

The amount invested by the group is €95.9 million. This company's contribution to the group's profit/loss in 2015 is €-1.6 million in accordance with the acquisition business plan.

Fluxys Belgium:

As part of the integration of the Belgian and Luxembourg markets, Fluxys Belgium and Creos set up the company Balansys on 7 May 2015, a joint venture in which Fluxys Belgium and Creos each have a 50% stake. This company will take over the integrated balancing market activity in 2016.

On 7 December 2015, Fluxys Belgium acquired the universality of Huberator's assets for €52.8 million. This intragroup operation has no impact on the Fluxys SA group financial statements.

Fluxys Europe:

In mid-December 2015, the group acquired the 10% stake held by Gazprom in Interconnector (UK), a crucial axis for the transmission of natural gas in both directions between the United Kingdom and the continental Europe markets. The Fluxys group has consequently become the majority shareholder of the company, with the total stake held going up to 50.75%. This additional 10% stake was acquired for €61.4 million, through Fluxys Interconnector Ltd which is 100% held by the holding company Fluxys UK Ltd. This latter company is a 100% subsidiary of Fluxys Europe.

The acquisition agreement provides for the payment of an additional earn-out in the event of additional reservations of capacity in Interconnector (UK) before September 2023. This amount is unable to be assessed at this stage and will therefore impact profit/loss in the future where applicable.

Interconnector UK is from now on controlled by the group and fully consolidated with effect from 15 December 2015.

Following this business combination achieved in stages, the Fluxys group has revalued the stake it previously held in Interconnector which confirmed the amount accounted for previously. The acquisition of the additional 10% has generated a badwill of €3.4 million in profit/loss (see Note 5 - Other operating income).

This change in the consolidation method (from the equity method to full consolidation) required to reclassify amounts accounted for in other items of the comprehensive income (€11.9 million) to profit and loss. These amounts principally came from translation adjustments, realised exchange rates differences covered by hedging instruments, as well as the fair value of hedging instruments.

The table provided hereafter shows the fair value of assets acquired and liabilities assumed as at 31 December 2015 in detail. The part of these assets and liabilities recorded that belong to non-controlling interests comes to €333.2 million (49.25%).

These figures reported on 31 December 2015 are very close to the figures as at 15 December 2015, the date of the acquisition of the controlling interest in Interconnector (UK).

Interconnector (UK) - Assets acquired and liabilities assumed at fair value as at 31-12-2015	In thousands of €
I. Non-current assets	**1,112,270**
Property, plant and equipment	729,184
Intangible assets	245,449
Other financial assets	340
Loans and receivables	137,297
II. Current assets	**74,944**
Trade and other receivables	25,624
Cash and cash equivalents	49,320
III. Non-current liabilities	**-423,482**
Interest-bearing liabilities	-220,170
Provisions	-6,422
Deferred tax liabilities	-196,890
IV. Current liabilities	**-87,277**
Interest-bearing liabilities	-39,095
Current tax payables	-20,571
Trade and other payables	-13,539
Other current liabilities	-14,072
Total of assets acquired and liabilities assumed	**676,455**

Fluxys:

In December 2015, Fluxys SA acquired a 25% stake in LNG Link Investment and Mahon Shipping. LNG bunkering services will be provided from Zeebrugge thanks to this vessel. These companies are accounted for using the equity method.

3.2. Nature and extent of stakes held in joint arrangements

Transitgas and TENP KG

Transitgas is a joint arrangement in which FluxSwiss exercises a joint control with the other joint operators.

Transitgas is qualified as joint operation for the following reasons:

The purpose of the activities of Transitgas is essentially to put the capacity of its installations at the disposal of the joint operators. This gives them the right to almost all of the economic benefits of the assets of the operation. They also incur obligations against liabilities related to the operation. Indeed, the liabilities incurred by Transitgas are paid through cash flows received from the joint operators through the considerations paid for the capacity made available.

FluxSwiss holds 90% of the capacity of the Transitgas installations. The latter are therefore integrated for 90% in the consolidated financial statements of the group. This integration percentage is not based on the investment held in this company but on the rights to the assets and liabilities incurred by the group for the liabilities. This method better reflects the risks and benefits of the joint operators related to the capacity reserved in the installations.

TENP KG is a joint arrangement in which Fluxys TENP exercises a joint control with the other joint operators.

The approach in the framework of this joint arrangement is identical, except that this joint operation is integrated for 64.25% in the consolidated financial statements of the group in accordance with the capacity reserved in the installations.

3.3. 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 to 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 country's energy policy, 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 cancelled 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.

In addition, there are provisions at the level of GasBridge 1 and GasBridge 2 to enable to solve potential deadlock situations, provisions requiring a reallocation of shares among the partners in these companies.

As a result, Fluxys Europe controls GasBridge 1 whilst GasBridge 2 is controlled by SNAM.

Other shareholders' agreements have been entered into within Fluxys group subsidiaries. These provide for pre-emptive rights at the time of transfer of securities by a shareholder, as well as certain special majorities needed for decision-making in specific matters. These do not affect the control exercised by the group over its subsidiaries or the joint control over its joint operations.

There are no other significant restrictions that could 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 €168.4 million as at 31-12-2015 compared with €161.8 million as at 31-12-2014.

Certain financing agreements however provide for maintaining a minimum level of cash and cash equivalents in the companies concerned for a total of €55.4 million as at 31 December 2015 compared with €37.3 million as at 31 December 2014.

3.4. Information on investments

Fully consolidated entities						
Name of the subsidiary	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Cur-rency**	**Balance sheet date**
FLUXYS BELGIUM SA	Avenue des Arts 31 B - 1040 Bruxelles	0402 954 628	89.97%	Gas transmission	EUR	31 December
FLUXYS LNG SA	Rue Guimard 4 B - 1040 Bruxelles	0426 047 853	89.97%	LNG terminalling	EUR	31 December
FLUX RE SA	Rue de Merl 74 L - 2146 Luxembourg	-	89.97%	Reinsurance entity	EUR	31 December
FLUXYS FINANCE SA	Rue Guimard 4 B - 1040 Bruxelles	0821 382 439	100.00%	Financial services	EUR	31 December
FINPIPE GIE	Rue Guimard 4 B - 1040 Bruxelles	0444 889 015	100.00%	Leasing of facilities and services	EUR	31 December
FLUXYS EUROPE BV	Westblaak 89 NL - 3012KG Rotterdam	-	100.00%	International activity	EUR	31 December
HUBERATOR SA	Rue Guimard 4 B - 1040 Bruxelles	466 874 361	95.00 %	Gas hub	EUR	31 December
GMSL Ltd	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	Services	GBP	31 December
FLUXYS BBL BV	Westblaak 89 NL - 3012KG Rotterdam	-	100.00%	Gas transmission	EUR	31 December
FLUXYS DEUTSCHLAND GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Gas transmission	EUR	31 December
FLUXYS TENP GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Gas transmission	EUR	31 December
FLUXSWISS SAGL	Via della Posta 2 CH - 6900 Lugano	-	50.20%	Gas transmission	CHF	31 December
FLUXYS UK Ltd	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
FLUXYS INTERCONNECTOR Ltd	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
GasBridge 1 BV	Westblaak 89 NL – 3012KG Rotterdam	-	50.00%	Holding	EUR	31 December
Interconnector (UK) Ltd	Furnival Street 10 UK - London EC4A 1AB	-	50.75%	Gas transmission	GBP	30 September
Interconnector Zeebrugge Terminal SCRL	Rue Guimard 4 B - 1040 Bruxelles	0454 318 009	50.37%	Terminal	EUR	30 September

Joint operations integrated based on rights on assets and obligations on liabilities						
Name of the company	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**Balance sheet date**
TENP KG	Gladbecker Strasse 425 D- 45138 Essen	-	64.25%	Leasing of facilities and services	EUR	31 December
Transitgas AG	Baumackerstrasse 46 CH - 8050 Zurich	-	45.18%	Leasing of facilities and services	CHF	31 December
BBL Company VOF	Concourslaan 17 NL - 9700AE Groningen	-	20.00%	Gas transmission	EUR	31 December
NEL (Nordeuropäische Erdgasleitung)	-	-	23.87%	Gas transmission	EUR	31 December

Subsidiaries with significant non-controlling interests					In thousands of €
	31-12-2015*	**31-12-2015***	**31-12-2015***	**31-12-2015***	**31-12-2015***
100%	**Fluxys Belgium Group**	**Swiss Group**	**Interconnector (UK)**	**Other subsidiaries (GasBridge 1 & Huberator)**	**TOTAL**
Non-current assets	2,691,344	1,198,886	1,112,269		
Current assets	546,779	140,073	74,944		
Equity	869,404	491,975	676,454		
Non-current liabilities	2,213,708	732,197	423,482		
Current liabilities	155,011	114,787	87,277		
Operating revenue	605,316	184,502	250,539		
Operating expenses	-463,442	-92,906	-178,742		
Net financial result	-54,271	-33,475	22,320		
Income tax expenses	-31,831	-15,039	-14,395		
Net profit/loss for the period	55,772	43,082	79,722		
Balance sheet - Non-controlling interests	86,996	245,003	333,240	11,332	**676,571**
Profit/loss – non-controlling interests	5,593	21,455	5,161	262	**32,471**

** Figures on an annual basis are 100 % subject to approval by the companies' management bodies and general meeting*

Subsidiaries with significant non-controlling interests		In thousands of €
	31-12-2014	**31-12-2014**
100 %	**Fluxys Belgium Group**	**Swiss Group**
Non-current assets	2,601,251	1,134,718
Current assets	795,226	123,645
Equity	888,009	428,575
Non-current liabilities	1,935,171	732,208
Current liabilities	573,297	97,580
Operating revenue	613,223	184,692
Operating expenses	-475,702	-92,456
Net financial result	-53,718	-26,863
Income tax expenses	-28,687	-14,030
Net profit/loss for the period	55,116	51,343

Equity accounted investees – Joint ventures						
Name of the company	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Cur-rency**	**Balance sheet date**
Gaz-Opale	Rue de l'Hermitte Immeuble des 3 Ponts 30 F - 59140 Dunkerque	-	61.75%	Services	EUR	31 December
TENP GmbH	Ruhrallee 74 D - 45138 Essen	-	50.00%	Services	EUR	31 December
BALANSYS SA	rue de Bouillon 59-61 L-1248 Luxembourg	-	50.00%	Balancing operator	EUR	31 December

Equity accounted investees - Associates						
Name of the company	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Cur-rency**	**Balance sheet date**
Dunkerque LNG SAS	Rue de l'Hermitte Immeuble des 3 Ponts 30 F - 59140 Dunkerque	-	25.00%	LNG terminalling	EUR	31 December
GasBridge 2 BV	Westblaak 89 NL – 3012KG Rotterdam	-	50.00 %	Holding	EUR	31 December
Knubbsäl Topholding AB	Sergels Torg 12, 12th floor SE - 103 25 Stockholm	-	50.00%	Gas transmission	EUR	31 December
LNG Link Investment AS	Karl Johans gate 27 NO - 0159 Oslo	-	25.00%	Shipping	NOK	31 December
Mahon Shipping SA	Bd Simon Bolivar 34 B - 1000 Bruxelles	0633 885 793	25.00%	Shipping	EUR	31 December
Trans Adriatic Pipeline AG	Lindenstrasse 2 CH – 6340 Baar	-	19.00 %	Gas transmission	EUR	31 December

Financial statements of joint operations and equity accounted investees

100 %	31-12-2015* Transitgas	31-12-2015* TENP KG	31-12-2015* Dunkerque LNG
Non-current assets	842,690	253,559	1,104,048
Current assets	59,561	0	187,459
Equity	474,984	32,836	1,038,492
Non-current liabilities	363,130	201,462	4,392
Current liabilities	64,137	19,261	248,623
Operating revenue	78,310	38,635	1,541
Operating expenses	-48,294	-25,457	-14,749
Net financial result	-14,872	-4,755	-46
Investments in associates	0	0	0
Income tax expenses	-4,983	-27	4,519
Net profit/loss for the period	10,161	8,396	-8,735
Investments in associates			259,623
Profit/loss from investments in associates			-2,184

** Figures before eliminations of intra-group operations on an annual basis at 100%, except for Transitgas (90%) and TENP KG (64.25%), and subject to approval by the companies' management bodies and general meeting.*

				In thousands of €
31-12-2015*	**31-12-2015***	**31-12-2015***	**31-12-2015****	**31-12-2015***
Trans Adriatic Pipeline AG	**Knubbsal**	**GasBridge II**	**Other companies**	**TOTAAL**
734,356	706,927	110,173		
160,301	32,299	19,015		
397,502	191,115	129,153		
397,045	542,489	0		
100,110	5,622	35		
10	21,883	0		
-18,909	-22,357	-71		
535	-3,578	40		
0	0	7,914		
3,334	811	0		
-15,030	-3,241	7,883		
75,525	95,558	9,490	-479	**439,717**
-2,856	-1,621	162	25,135	**18,636**

** Figures before eliminations of intra-group operations on an annual basis at 100%, except for Transitgas (90%) and TENP KG (64.25%), and subject to approval by the companies' management bodies and general meeting.*
*** The profit/loss from investments in associate include the profit/loss of Interconnector (UK) until 15-12-2015, date from which the company was fully consolidated (see Note 3.1).*

Financial statements of joint operations and equity accounted investees						In thousands of €
	31-12-2014*	**31-12-2014***	**31-12-2014***	**31-12-2014***	**31-12-2014***	**31-12-2014***
100%	**Transitgas**	**TENP KG**	**Dunkerque LNG**	**Trans Adriatic Pipeline AG**	**Intercon-nector (UK)**	**GasBridge 2**
Non-current assets	787,200	230,659	958,008	498,436	1,179,827	114,195
Current assets	57,622	-2,284	205,684	40,710	77,098	13,036
Equity	420,965	36,227	796,960	337,564	697,509	127,200
Non-current liabilities	366,573	183,615	1,171	182,676	480,904	0
Current liabilities	57,284	8,533	365,561	18,906	78,512	31
Operating revenue	85,128	38,566	1,369	1,338	221,718	0
Operating expenses	-47,025	-24,221	-10,518	-941	-143,156	-94
Net financial result	-12,000	-5,659	-52	-18	-1,441	370
Investments in associates	0	0	0	0	0	9,189
Income tax expenses	-5,104	-2,076	3,148	-984	-16,600	0
Net profit/loss for the period	20,999	6,610	-6,053	-605	60,521	9,465

** Figures before eliminations of intra-group operations on an annual basis at 100%, except for Transitgas (90%) and TENP KG (64.25%), and subject to approval by the companies' management bodies and general meeting*

Main unconsolidated entities

Name of the company	Registered office	% ownership	Core business
NetConnect Germany GmbH & Co. KG	Kaiserswerther Str. 115 D-40880 Ratingen	10.00%	Conduct market area corporation
NetConnect Germany Management GmbH	Kaiserswerther Str. 115 D-40880 Ratingen	10.00%	Conduct market area corporation
Prisma European Capacity Platform GmbH	Schillerstraße 4 D-04109 Leipzig	10.53%	Transmission capacity reservation platform
C4Gas SAS	Rue de La Pépinière 24 F-75008 Paris	10.00%	Purchasing portal

NOTE 4. OPERATING REVENUE

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2015	31-12-2014	Change
Fluxys Belgium	4.1	534,538	552,025	-17,487
Fluxys Europe and corporate	4.2	338,338	317,830	20,508
Total		**872,876**	**869,855**	**3,021**

Operating revenue for 2015 was €872,876 thousand compared with €869,855 thousand in 2014.

4.1. The 'Fluxys Belgium' segment comprises transmission, storage and terminalling services in Belgium which are subject to the Gas Act.

Revenue from these services aims to ensure a sufficient return on capital invested and to cover the operating charges related to these services as well as depreciation and amortisation and 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 financial year.

Revenue from this segment also includes work and services for third parties and the provision of facilities.

Revenue from this segment fell by €17,487 thousand compared with the previous financial year.

This decrease in the amount invoiced to clients can be explained by the 7% tariff reduction granted since January 2015, as well as by a slight decrease in capacity sold. Regulated authorised revenue is down because of the effect of the reduction of costs to be covered by the tariffs, in particular in relation to the efficiency efforts achieved and the historic low OLO rates.

4.2. The 'Fluxys Europe' segment comprises mainly revenues from activity outside Belgium. It includes, inter alia, the revenue generated by transmission facilities in Switzerland, Germany and between Balgzand in the Netherlands and Bacton in the United Kingdom (BBL), transmission installations between Bacton (United Kingdom) and Zeebrugge, and gas flow monitoring services on behalf of third parties.

The increase in this segment's revenue can be explained by the entry of Interconnector (UK) into the consolidation scope with effect from 15-12-2015 and by the favourable effect of the CHF and GBP currency rates. This increase is however attenuated by the decrease in short-term sales opportunities, especially in Switzerland.

NOTE 5. OTHER OPERATING INCOME

Other operating income			In thousands of €
	31-12-2015	**31-12-2014**	**Change**
Other operating income	15,301	21,685	-6,384

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

The evolution of other operating income can be explained by non-recurring items recorded in 2014, i.e. gains realised on the sale of cushion gas from the Loenhout storage facility, and by the recovery of costs related to the decommissioning of the peak-shaving plant at Dudzele.

In 2015, this item records the badwill realised following the first full consolidation of Interconnector (UK) (see Note 3.1).

NOTE 6. OPERATING EXPENSES

Operating expenses excluding net depreciation impairment losses and provisions			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Consumables, merchandise and supplies used	6.1	-3,920	-7,915
Miscellaneous goods and services	6.2	-169,092	-178,642
Employee expenses	6.3	-132,463	-135,602
Other operating expenses	6.4	-22,743	-26,614
Total operating expenses		**-328,218**	**-348,773**
Of which costs related to lease agreements		-13,702	-13,706

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, maintenance and repair expenses, goods and services supplied to the company, 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 realised by the group in 2015, and the decrease in maintenance costs. In 2014, miscellaneous goods and services included the final compensation paid out to the victims of the Ghislenghien accident which occurred in 2004 and the costs for the closure of the peak-shaving plant at Dudzele. This reduction in costs recorded in 2015 is attenuated by the cost of the insurance policy entered into as part of the Zeebrugge LNG terminal transshipment project, by the costs relating to the acquisition of Knubbsäl-Swedegas and by the fluctuation in CHF and GBP exchange rates.

The remuneration paid to Deloitte in its capacity as the group's statutory auditor[6] totalled €470,075. In addition, Deloitte performed other tasks for which it was paid a total of €49,469.

[6] Companies in associates not included

6.3. Employee expenses

The group's average headcount was 1,187 in 2015 compared with 1,216 in 2014.
Expressed in FTE (full-time equivalents), these figures convert to 1,144.6 in 2015 compared to 1,183.3 in 2014.

Employee expenses are down €3,139 thousand. This can primarily be explained by the evolution of the average headcount, an effect attenuated by the fluctuation in CHF and GBP exchange rates and by the entry into the consolidation scope of Interconnector (UK).

Workforce	Financial year		Preceding financial year	
	Total number of staff	**Total In FTE**	**Total number of staff**	**Total In FTE**
Average number of employees	**1,187**	**1,144.6**	**1,216**	**1,183.3**
Fluxys	**40**	**33.0**	**34**	**27.8**
Executives	*33*	*26.4*	*28*	*22.0*
Employees	*7*	*6.6*	*6*	*5.8*
Fluxys Belgium	**942**	**911.9**	**987**	**961.2**
Executives	286	279.4	301	295.3
Employees	656	632.5	686	665.9
Fluxys LNG	**38**	**37.4**	**38**	**38.7**
Executives	3	2.6	2	2.4
Employees	35	34.8	36	36.3
Flux Re	**1**	**0.4**	**1**	**0.5**
GMSL	**88**	**87.3**	**79**	**79.0**
FluxSwiss	**7**	**6.6**	**7**	**7.0**
Fluxys TENP	**11**	**10.6**	**11**	**10.1**
Fluxys Deutschland	**4**	**3.9**	**3**	**3.0**
Interconnector (UK)	**3**	**3.0**	**-**	**-**
Transitgas	**51**	**49.0**	**54**	**54.0**
Tenp KG	**2**	**1.5**	**2**	**2.0**

Workforce				
	Financial year		**Preceding financial year**	
	Total number of staff	**Total In FTE**	**Total number of staff**	**Total In FTE**
Headcount at balance sheet date	**1,250**	**1,208.2**	**1,200**	**1,166.6**
Fluxys	**40**	**32.8**	**36**	**29.6**
Executives	34	27.2	30	23.8
Employees	6	5.6	6	5.8
Fluxys Belgium	**930**	**898.5**	**969**	**942.9**
Executives	281	274.2	294	288.7
Employees	649	624.3	675	654.2
Fluxys LNG	**37**	**36.8**	**38**	**37.8**
Executives	2	2.0	3	3.0
Employees	35	34.8	35	34.8
Flux Re	**0**	**0.0**	**1**	**0.5**
GMSL	**96**	**95.9**	**79**	**79.0**
FluxSwiss	**7**	**7.0**	**7**	**7.0**
Fluxys TENP	**10**	**10.0**	**11**	**10.8**
Fluxys Deutschland	**5**	**5.0**	**3**	**3.0**
Interconnector (UK)	**71**	**71.0**	**-**	**-**
Transitgas	**52**	**49.7**	**54**	**54.0**
Tenp KG	**2**	**1.5**	**2**	**2.0**

6.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment.

The latter represented an expense of €13,056 thousand in 2015, compared with €13,531 thousand in 2014.

Net depreciation, impairment losses and provisions			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Depreciation	6.5	**-272,275**	**-246,525**
Intangible assets		-51,347	-49,200
Property, plant and equipment		-220,928	-197,325
Impairment		**-537**	**-1,902**
Inventories		-537	-1,902
Provisions for risks and charges		**1,033**	**3,568**
Total net depreciation, impairment losses and provisions		**-271,779**	**-244,859**

6.5. Depreciation

The intangible assets resulting from the Fluxys business combinations have been depreciated in accordance with the accounting methods, namely predominantly over 40 years for the fixed asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium, between 20 and 40 years for the acquired customer portfolios and over 20 years for the fixed asset 'sole operator of the LNG facilities'.

The depreciation of property, plant and equipment increases following the prospective correction of depreciation on certain assets whose useful life has been adjusted downwards, the fluctuations in CHF and GBP currency rates and the entry of Interconnector (UK) into the scope of consolidation.

NOTE 7. FINANCIAL INCOME

Financial income				In thousands of €
	Notes	**31-12-2015**	**31-12-2014**	**Change**
Dividends from unconsolidated entities		8	44	-36
Financial income from lease contracts	7.1	137	182	-45
Interest income on short-term investments, cash and cash equivalents at fair value through profit and loss	7.2	4,756	2,146	2,610
Other interest income	7.2	233	6,549	-6,316
Unwinding of discounts	7.3	1,630	0	1,630
Other financial income	7.4	37,929	2,229	35,700
Total		**44,693**	**11,150**	**33,543**

7.1. Financial income from lease contracts are related to the Interconnector Zeebrugge Terminal (IZT) installations (see Note 17). This contract became intragroup with effect from 15-12-2015, the date of entry into the scope of the Interconnector group in which IZT is consolidated.

7.2. In 2014 other interest income received by the group was influenced by the favourable outcome of the tax claims for which the group benefited from interests (€3.2 million). The balance of changes can be explained by the reduction in interest rates observed on the market.

7.3. In 2015, the effects of discounting provisions are recognised in revenue.

The rate used to discount liabilities relating to employee benefits (1.96% in 2015 compared with 1.45% in 2014) largely explains this change (see Note 8.2). This change is analysed in Notes 26 'Provisions' and 27 'Provisions for employee benefits'.

7.4. Other financial income generally reflects the exchange rate differences realised on our foreign investments, an amount largely compensated by the variation in the value of financial instruments (see Note 8.4). In 2015, this item reflects the transfer into the income statement of other items from the global results, a transaction linked to the first full consolidation of Interconnector (UK) (see Note 3.1).

The translation adjustments accumulated in equity (GBP) have therefore been accounted for in the profit/loss for an amount of €25.9 million.

This profit is partly compensated by the absorption of the differences in exchange rates accumulated in equity (€-6.9 million; see Note 8.3) and by the negative value of hedging instruments remaining on the date of acquisition of a controlling interest in Interconnector being recorded in the results (€-7.1 million; see Note 8.4).

NOTE 8. FINANCE COSTS AND CHANGE IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Finance costs			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Borrowing interest costs	8.1	-105,909	-93,668
Unwinding of discounts on provisions	8.2	-419	-6,343
Other finance costs	8.3	-13,119	-1,978
Total		**-119,447**	**-101,989**

8.1. Borrowing interest costs mainly include interest on loans from the EIB (European Investment Bank), on bonds, bank loans, on subsidiary loans in foreign currencies, on regulatory liabilities, and short and medium term financing in place to cover the group's financial needs.

The bond issued at the end of 2014 by Fluxys Belgium in anticipation of the repayment of the bond with maturity at the end of 2015 explains the temporary increase in interest costs.

These reflect, in 2015, the recognition of the part qualified as inefficient of the financial instruments linked to the interest rate hedge of our loans in Switzerland. This inefficiency is linked to the negative interest rates (€-4.4 million).

8.2. Costs related to the discounting of provisions are decreasing (see Note 7.3). In 2014, the decrease in the rates used for discounting liabilities relating to employee benefits (1.45 % in 2014 compared with 3.05 % in 2013) had an impact on finance costs. This change is analysed in Notes 26 'Provisions' and 27 'Provisions for employee benefits'.

8.3. Other finance costs reflect, in 2015, the recognition of the exchange rate difference accumulated in equity relating to the participation in Interconnector (UK) at the time of the acquisition of a controlling interest in the company (€6.9 million; see Notes 3.1 and 7.4).

Change in the fair value of financial instruments			In thousands of €
	Note	**31-12-2015**	**31-12-2014**
Use and change in the fair value of financial instruments	8.4	-15,497	-1,076
Total		**-15,497**	**-1,076**

8.4. This item shows the result related to the use of financial instruments. It is affected in 2015 by the fluctuation in GBP, CHF and SEK exchange rates (see Note 7.4) as well as by the recognition of the negative value of financial instruments at the time of the acquisition of a controlling interest in Interconnector (UK) (see Notes 3.1 and 7.4).

The evolution of these latter is detailed in Note 33.

NOTE 9. EARNINGS FROM ASSOCIATES AND JOINT VENTURES

The earnings from associates and joint ventures amount to €18,636 thousand in 2015 compared with €27,923 thousand in 2014. This fall can primarily be explained by the impact of projects under construction for which part of the costs cannot be activated in our Dunkerque LNG and TAP investments, by the acquisition of a controlling interest in Interconnector (UK) which is fully consolidated since 15-12-2015 and by the negative contribution of Knubbsäl acquired in April 2015 (see Note 3.1).

Note 10. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Note	**31-12-2015**	**31-12-2014**	**Change**
Current tax	10.1	-103,301	-70,799	-32,502
Deferred tax	10.2	51,708	17,491	34,217
Total	**10.3**	**-51,593**	**-53,308**	**1,715**

The result from investments in associates is €51,593 thousand in 2015 compared with €53,308 thousand in 2014. It is broken down as follows:

10.1. Current tax			In thousands of €
	31-12-2015	**31-12-2014**	**Change**
Income taxes on the result of the current period	**-103,143**	**-74,495**	**-28,648**
Taxes and withholding taxes due or paid	-78,278	-52,601	-25,677
Excess of payment of taxes and withholding taxes included in assets	0	0	0
Additional taxes	-24,865	-21,894	-2,971
Adjustments to previous years' current taxes	**-158**	**3,696**	**-3,854**
Total	**-103,301**	**-70,799**	**-32,502**

Current tax increased by €32,502 thousand compared with the previous financial year.

This change can primarily be explained by the taxation of the transfer of universality of Huberator's assets to Fluxys Belgium, by the effect of the consolidation scope of Interconnector (UK) and by the effect of the fluctuation in CHF and GBP exchange rates.

10.2. Deferred tax			In thousands of €
	31-12-2015	**31-12-2014**	**Change**
Relating to origination or reversal of temporary differences	**51,481**	**16,779**	**34,702**
Differences arising from the valuation of property, plant and equipment	54,409	24,776	29,633
Changes in provisions	-3,907	-1,031	-2,876
Other changes	979	-6,966	7,945
Relating to tax rate changes or to new taxes	**227**	**712**	**-485**
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	**51,708**	**17,491**	**34,217**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets. The taxation of the transfer of universality of Huberator's assets to Fluxys Belgium, explains most of the changes in the use of deferred taxes as compared with 2014. The balance of the changes can be explained by the effect of the scope of Interconnector (UK) and by the prospective correction of depreciation on certain assets whose useful life has been adjusted downwards.

The change in the discount rate used for employee benefits (see Note 7.3 and Note 8.2) explains the change in differences arising from provisions.

The level of the 'Other changes' item was explained in 2014 by the favourable outcome of the tax claims relating to the taxation of regulatory liabilities in Germany.

10.3. Reconciliation of expected income tax rate and effective average income tax rate

In thousands of €

	31-12-2015	31-12-2014	Change
Income tax as per effective average tax rate – Financial year	**-63,431**	**-64,812**	**1,381**
Profit/loss from continuing operations after net financial result	205,253	218,603	-13,350
Earnings from associates and joint ventures (-)	-18,636	-27,923	9,287
Earnings before tax	186,617	190,680	-4,063
Applicable tax rate	33.99%	33.99%	
Reconciling items	**13,335**	**7,808**	**5,527**
Income tax rate differences between jurisdictions	10,378	12,648	-2,270
Tax-exempt income	0	308	-308
Non-deductible expenses	-7,264	-9,306	2,042
Taxable dividend income	-1,697	679	-2,376
Deductible notional interest cost	2,047	3,288	-1,241
Other	9,871	191	9,680
Income tax as per effective average tax rate – Financial year	**-50,096**	**-57,004**	**6,908**
Earnings before tax	186,617	190,680	-4,063
Average effective tax rate	26.84%	29.90%	-3.06%
Taxes on tax-exempt reserves	**0**	**0**	**0**
Adjustments to previous years' current taxes	**-1,497**	**3,696**	**-5,193**
Total income tax expense	**-51,593**	**-53,308**	**1,715**

In 2015, the other aspects that warranted going over to the average effective tax rate primarily reflect the impact of the transfer into the balance sheet of other items in the overall profit/loss, a transaction linked to the first full consolidation of Interconnector (UK) (see Notes 3.1 and 7.4).

NOTE 11. NET PROFIT/LOSS FOR THE PERIOD

Net profit/loss for the period			In thousands of €
	31-12-2015	**31-12-2014**	**Change**
Non-controlling interests	32,471	36,115	-3,644
Group share	121,189	129,180	-7,991
Total profit/loss for the period	**153,660**	**165,295**	**-11,635**

The consolidated net profit/loss was €153,660 thousand in 2015 compared with €165,295 thousand in 2014.

The evolution of profit/loss can primarily be explained by the decrease in short-term sales at FluxSwiss, by the impact of projects under construction, for which part of the costs cannot be activated, and by the prospective correction of depreciation on certain assets whose useful life has come under review.

In the Fluxys Belgium segment, the profit/loss has remained stable in 2015. The profit/loss from regulated activity in Belgium was negatively affected by the decrease in the regulated return linked to the historic low in OLO rates. This impact is compensated by the favourable effect of efficiency gains, by capital appreciation obtained at the time of divestments, and by the impact of the acquisition of hub activity in the Belgian market.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage
Gross book value				
As at 31-12-2013	**47,455**	**153,212**	**5,311,049**	**381,214**
Investments	7,265	682	28,933	2,067
Subsidies	0	0	-20,100	0
Disposals and retirements	-324	-284	-30,259	-3,098
Internal transfers	2	0	3,498	387
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	25,478	0
As at 31-12-2014	**54,398**	**153,610**	**5,318,599**	**380,570**
Investments	626	7,918	145,686	700
Subsidies	0	0	0	0
Disposals and retirements	-2,201	-90	-58,383	-4,252
Internal transfers	0	7,171	117,066	631
Changes in the consolidation scope and assets held for sale	0	0	734,511	0
Translation adjustments	296	0	139,633	0
As at 31-12-2015	**53,119**	**168,609**	**6,397,112**	**377,649**

In thousands of €

LNG terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,041,714	**44,584**	**51,609**	**160,623**	**7,191,460**
749	1,472	2,896	71,821	115,885
0	0	0	-2,579	-22,679
-204	0	-3,337	-5,032	-42,538
0	0	0	-3,887	0
0	0	0	0	0
0	43	107	39	25,667
1,042,259	**46,099**	**51,275**	**220,985**	**7,267,795**
1,524	90	4,970	65,622	227,136
0	0	0	0	0
-4	-89	-2,013	-1,765	-68,797
1,222	0	0	-126,090	0
0	0	0	0	734,511
0	0	0	-752	139,177
1,045,001	**46,100**	**54,232**	**158,000**	**8,299,822**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage
Depreciation and impairment losses				
As at 31-12-2013	**0**	**-81,151**	**-2,323,092**	**-180,589**
Depreciation	0	-5,136	-156,632	-11,010
Depreciation on subsidies received	0	0	4,003	0
Disposals and retirements	0	0	19,058	1,721
Internal transfers	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	-10,934	0
As at 31-12-2014	**0**	**-86,287**	**-2,467,597**	**-189,878**
Depreciation	0	-3,343	-184,393	-10,970
Depreciation on subsidies received	0	0	6,962	0
Disposals and retirements	0	84	47,611	2,584
Internal transfers	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	-47,250	0
As at 31-12-2015	**0**	**-89,546**	**-2,644,667**	**-198,264**
Net book values as at 31-12-2015	**53,119**	**79,063**	**3,752,445**	**179,385**
Net book values as at 31-12-2014	**54,398**	**67,323**	**2,851,002**	**190,692**

					In thousands of €
	LNG terminal	**Other installations and machinery**	**Furniture, equipment &**	**Assets under construction &**	**Total**
	-684,928	**-42,971**	**-35,575**	**0**	**-3,348,306**
	-24,209	-191	-4,150	0	-201,328
	0	0	0	0	4,003
	6	0	3,335	0	24,120
	0	0	0	0	0
	0	0	0	0	0
	0	0	-19	0	-10,953
	-709,131	**-43,162**	**-36,409**	**0**	**-3,532,464**
	-24,366	-282	-4,561	0	-227,915
	0	25	0	0	6,987
	0	0	1,762	0	52,041
	0	0	0	0	0
	0	0	0	0	0
	0	0	158	0	-47,092
	-733,497	**-43,419**	**-39,050**	**0**	**-3,748,443**
	311,504	**2,681**	**15,182**	**158,000**	**4,551,379**
	333,128	**2,937**	**14,866**	**220,985**	**3,735,331**

Movements in property, plant and equipment	Land	Buildings	Gas transmission networks	Gas storage
Net book values as at 31-12-2015 of which:	**53,119**	**79,063**	**3,752,445**	**179,385**
At cost	53,119	79,063	3,752,445	179,385
At revaluation	0	0	0	0
Net book values as at 31-12-2015 of assets held under finance leases	**0**	**0**	**0**	**0**
Supplementary information				
Net book value of assets temporarily retired from active use	110	0	0	0

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

In 2015, the Fluxys group invested €227.1 million. The primary investments made concern:

- Transmission facilities (€165.2 million, largely relating to the Alveringem-Maldegem facilities),
- storage facilities at Loenhout (€1.5 million) and
- the LNG terminalling facilities (€59.5 million, largely relating to the second jetty and the transshipment project).

The costs of loans activated on investments under construction amounted to €0.8 million in 2015 compared with €1.3 million in 2014. The interest rates used are based on the OLO rate in accordance with the loans concerned.

The amounts included in the changes in the consolidated scope correspond to the assets of Interconnector (UK) fully consolidated since 15 December 2015.

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**
	311,504	**2,681**	**15,182**	**158,000**	**4,551,379**
	311,504	2,681	15,182	158,000	4,551,379
	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
	0	0	0	0	110

The depreciation charge for the period amounts to €220.9 million and reflects the rate at which the group expects to consume the economic benefits of the property, plant and equipment.

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.

In 2015, certain border-to-border transmission assets have been subject to a prospective correction of recorded depreciation taking into account a review of their useful life.

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 book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Gross book value				
As at 31-12-2013	**52,899**	**244,600**	**558,361**	**855,860**
Investments	2,564	0	0	2,564
Disposals and retirements	-10,873	0	0	-10,873
Translation adjustments	0	0	9,236	9,236
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2014	**44,590**	**244,600**	**567,597**	**856,787**
Investments	3,319	0	0	3,319
Disposals and retirements	-10,502	0	0	-10,502
Translation adjustments	0	0	49,264	49,264
Changes in the consolidation scope	0	0	246,645	246,645
Other	0	0	0	0
As at 31-12-2015	**37,407**	**244,600**	**863,506**	**1,145,513**

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Depreciation and impairment losses				
As at 31-12-2013	**-36,251**	**-28,219**	**-95,420**	**-159,890**
Depreciation and impairment losses	-6,982	-8,765	-33,453	-49,200
Disposals and retirements	10,873	0	0	10,873
Translation adjustments	0	0	-1,855	-1,855
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2014	**-32,360**	**-36,984**	**-130,728**	**-200,072**
Depreciation and impairment losses	-5,984	-8,765	-36,598	-51,347
Disposals and retirements	10,425	0	0	10,425
Translation adjustments	0	0	-11,034	-11,034
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2015	**-27,919**	**-45,749**	**-178,360**	**-252,028**

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Net book value as at 31-12-2015	**9,488**	**198,851**	**685,146**	**893,485**
Net book value as at 31-12-2014	**12,230**	**207,616**	**436,869**	**656,715**

Intangible assets comprise the net book value of software and of emission rights, the value to the Fluxys group of the nomination of Fluxys Belgium and Fluxys LNG as sole network operators as well as the value of client portfolios acquired.

The software included in intangible assets is software developed or purchased by the group which bears characteristics of an investment. This software is depreciated on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

Business combinations in Fluxys have been realised using the acquisition method. As part of the fair value accounting of the assets acquired and liabilities assumed, the group has accounted for intangible assets which represent the value for the group of the nomination of Fluxys Belgium as the sole operator of the natural gas transmission network and storage facilities and that of Fluxys LNG as sole operator of the LNG facilities. Fluxys has also accounted for the value of client portfolios of FluxSwiss, Fluxys TENP, Interconnector (UK), GMSL and Hub business. The principal depreciation periods used for these assets are described in the accounting methods (see Note 2.7). It should be noted that the intangible asset 'HUB in Belgium' will be fully depreciated in 2023.

The amounts included in consolidation scope changes correspond primarily to the value of the long-term transmission contracts of Interconnector (UK), contracts which have been accounted for at fair value at the time of full consolidation of the company at the end of 2015. This asset will be fully depreciated at the end of 2018.

At the balance sheet date, the group has identified no indication or event which would lead any item of property, plant and equipment to be considered impaired.

NOTE 14. GOODWILL

Goodwill		In thousands of €
	31-12-2015	**31-12-2014**
Goodwill FLUXYS BELGIUM SA	1,924	1,924
Total	**1,924**	**1,924**

The goodwill recorded in the group's financial statements arises from the business combination transaction realised in September 2010, the date on which Publigas has contributed its investment in Fluxys Belgium SA to Fluxys.

The amount of €1,924 thousand corresponds to the excess of the cost of the business combination with respect to the fair value of the assets, liabilities and any potential liabilities that could be identified as at 10 September 2010. It is allocated to the cash-generating unit 'regulated activities in Belgium' for the impairment test.

Note 15. Investments in associates and joint ventures

As at 31 December 2015, the Fluxys group has the following investments in associates and joint ventures:

- TENP GMBH (50%),
- Dunkerque LNG (25%),
- Gaz-Opale (61.75%),
- GasBridge 2 (50%),
- TAP (19%),
- Knubbsäl/Swedegas (50%),
- Balansys (50%),
- LNG Link Investment (25%),
- Mahon Shipping (25%).

Movements in equity accounted investees		In thousands of €
	31-12-2015	**31-12-2014**
Equity accounted investees – opening balance	**553,162**	**393,580**
Investments and transfers	98,167	64,247
Share in the global net profit/loss	18,925	26,569
Dividends paid	-33,394	-45,580
Changes in the consolidation scope	-273,253	0
Translation adjustments	0	18,902
Capital increases	76,110	95,444
Other	0	0
Equity accounted investees – closing balance	**439,717**	**553,162**

The investments over the period correspond to the participations acquired in Knubbsäl, Balansys, LNG Link Investment and Mahon Shipping (see Note 3.1).

The changes in consolidation scope correspond essentially to the exit of Interconnector (UK) from investments in associates as at 15-12-2015, a company which is from now on fully consolidated following the acquisition of an additional participation of 10%, elevating the group’s participation to 50.75%.

The capital increases correspond in 2015 as in 2014 to the group’s current account conversion into capital vis-à-vis Dunkerque LNG and the capital increases in TAP.

NOTE 16. OTHER FINANCIAL ASSETS

Other financial assets			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Shares at cost	16.1	899	554
Investment securities at fair value through profit or loss	16.2/33	23,046	17,538
Other financial assets at fair value	16.3/33	0	12,440
Other financial assets at cost	16.4	713	749
Total		**24,658**	**31,281**

16.1. Movements of other financial assets – Other assets at cost		In thousands of €
	31-12-2015	**31-12-2014**
Opening balance	**554**	**41,463**
Gross amount	554	41,463
Uncalled amounts	0	0
Accumulated impairment losses	0	0
Acquisitions	0	0
Disposals	0	0
Variation of % of integration	0	0
Acquisitions through business combinations	0	0
Capital increases	0	0
Changes in the consolidation scope and transfers	345	-40,909
Impairment losses	0	0
Closing balance	**899**	**554**
Gross amount	899	554
Uncalled amounts	0	0
Accumulated impairment losses	0	0

16.1. Other shares held primarily concern NetConnect Germany GmbH & Co KG, Prisma European Capacity Platform GmbH and F L Zeebrugge.

The shares in companies which have activity that is of interest to the Fluxys group are held with the intention of keeping them for the long term without being able to exercise significant control or influence. These shares are not listed on an active market. They are valued at the cost of acquisition.

16.2. Investment securities at fair value through profit or loss 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 2017 and 2021.

16.3. In 2014, the other financial assets at fair value primarily concerned financial instruments entered into with a view to covering the risk incurred by the group with respect to CHF currency fluctuations. As at 31-12-2015, the value of these latter is negative and appears on the liability side of the balance sheet (see items ‘Other financial liabilities’ and Note 33).

16.4. Other assets in this item correspond to guarantees paid by the group in relation to the exercise of its activity.

16.4. Movements of other financial assets – Other assets at cost

In thousands of €

	31-12-2015	31-12-2014
Opening balance	**749**	**745**
Gross amount	749	745
Accumulated impairment losses	0	0
Additions	0	25
Repayments	-36	-21
Acquisitions through business combinations	0	0
Other	0	0
Closing balance	**713**	**749**
Gross amount	713	749
Accumulated impairment losses	0	0

NOTE 17. FINANCIAL LEASE RECEIVABLES

Financial lease receivables		In thousands of €
	31-12-2015	31-12-2014
Non-current receivables	0	16,641
Current receivables	0	3,334
Total	**0**	**19,975**

In 2014, finance lease receivables included the contract relating to the Interconnector Zeebrugge Terminal (IZT): in accordance with IAS 17, the lease contract signed with IZT SCRL for IZT was qualified as a finance lease.

This contract became intragroup with effect from 15-12-2015, the date from which the Interconnector group, in which IZT is consolidated, was fully consolidated.

Maturity of finance lease receivables at 31-12-2014				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Financial lease receivables IZT	3,334	16,641	0	19,975
Total	**3,334**	**16,641**	**0**	**19,975**
Financial 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

In 2014, the total value of minimum lease payments corresponded to the best estimate, at the balance sheet date, of the lease royalties 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 were discounted at market rate so as to obtain the present value of the minimum lease payments.

NOTE 18. LOANS, RECEIVABLES AND OTHER NON-CURRENT ASSETS

Non-current loans and receivables			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Regulatory assets	18.1	13,736	23,167
Non-current loans	18.2	137,298	0
Calls for funds and others	18.3	122,572	96,636
Total		**273,606**	**119,803**

18.1. This item includes the regulatory receivable that arose in 2010 following the closure of the peak-shaving plant at Dudzele as well as that relating to the NEL facilities fully commissioned in November 2013.

18.2. Interconnector has subscribed to the bonds of F L Zeebrugge, the final maturity of which is November 2025. These bonds have a fixed interest rate.

18.3. Dunkerque LNG and TAP call for funds to shareholders as part of their respective construction projects.

Other non-current assets				In thousands of €
	Notes	**31-12-2015**	**31-12-2014**	**Change**
Plan asset surpluses ‘IAS 19 Employee benefits’	27	26,105	17,007	9,098
Prepaid insurance expenses	18.4	7,592	0	7,592
Total		**33,697**	**17,007**	**16,690**

18.4. Fluxys LNG is insured against certain risks incurred as part of the transshipment project with Credendo. This insurance is in effect until 2021. The part of this premium that has been paid and is not past due is included under this item for the part that is due in more than one year whilst the part that is due within the year is included in the item ‘Other current assets’ (see Note 23).

Maturity of non-current loans and receivables at 31-12-2015			In thousands of €
	Between one and five years	More than five years	Total
Regulatory assets	13,736	0	13,736
Non-current loans	49,367	87,931	137,298
Calls for funds and others	122,572	0	122,572
Total	**185,675**	**87,931**	**273,606**

aturity of non-current loans and receivables at 31-12-2014			In thousands of €
	Between one and five years	More than five years	Total
Regulatory assets	23,167	0	23,167
Calls for funds Dunkerque LNG	61,926	0	61,926
Calls for funds TAP	34,710	0	34,710
Total	**119,803**	**0**	**119,803**

Note 19. Inventories

Book value of inventories		In thousands of €
	31-12-2015	**31-12-2014**
Supplies	**17,928**	**23,139**
Gross book value	25,652	31,808
Impairment losses	-7,724	-8,669
Goods held for resale	**10,995**	**9,579**
Gross book value	12,477	9,579
Impairment losses	-1,482	0
Work in progress	**313**	**30**
Gross book value	313	30
Impairment losses	0	0
Total	**29,236**	**32,748**

Inventories of materials connected to the transmission network declined due to their use in investment projects in 2015.

The volume of gas in stock relating to the storage activity is increasing.

An impairment loss was recorded on natural gas stocks in order to bring them back to market value at the end of the financial year.

Impact of movements on net profit/loss		In thousands of €
	31-12-2015	**31-12-2014**
Inventories – purchased or used	-2,975	-14,757
Impairment losses	-537	-1,902
Total	**-3,512**	**-16,659**

NOTE 20. CURRENT TAX RECEIVABLE

Current tax receivable	In thousands of €	
	31-12-2015	**31-12-2014**
Recoverable income taxes	2,788	14,514
Total	**2,788**	**14,514**

In 2014, the recoverable income taxes reflected recoverable amounts relating to the favourable outcome of tax claims relating to the taxation of regulatory liabilities in Germany and the associated interests.

These amounts were recovered in 2015.

NOTE 21. TRADE AND OTHER RECEIVABLES

Trade and other receivables		In thousands of €	
	Notes	**31-12-2015**	**31-12-2014**
Gross trade receivables		111,386	92,946
Impairment losses		-2,837	-2,707
Net trade receivables	21.1	**108,549**	**90,239**
Other receivables	21.2	24,248	39,170
Total		**132,797**	**129,409**

21.1. The Fluxys group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers, a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position (see Note 33).

The increase in the level of net trade receivables can be explained by the entry of Interconnector (UK) into the consolidation scope.

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

Net trade receivables according to ageing		In thousands of €
	31-12-2015	**31-12-2014**
Receivables not past due	105,989	87,574
Receivables < 3 months	2,493	2,637
Receivables 3 - 6 months	0	14
Receivables > 6 months	0	14
Receivables in litigation or doubtful	67	0
Total	**108,549**	**90,239**

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

21.2. Other receivables record a range of receivables such as recoverable withholding tax and VAT. This item also included 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 investments in commercial paper that mature within a maximum of three months after the date of acquisition, term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents	In thousands of €	
	31-12-2015	**31-12-2014**
Short-term investments	**121,937**	**503,069**
Cash and cash equivalents	**291,920**	**232,881**
Cash equivalents	55,386	47,545
Short-term deposits	80,642	132,705
Bank balances	155,874	52,591
Cash in hand	18	40
Total	**413,857**	**735,950**

The issue of a private bond (see Note 25.2) for a face value of €350 million explains the high levels temporarily achieved for the group's cash investments at the end of December 2014.

The share of the cash and cash equivalents the use of which is conditional on finance agreements is €55.4 million as at 31 December 2015.

NOTE 23. OTHER CURRENT ASSETS

Other current assets			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Accrued income		2,291	2,075
Prepaid expenses		14,392	14,441
Other current assets	23.1	2,175	1,546
Total		**18,858**	**18,062**

Other current assets mainly comprise prepaid expenses amounting to €14,392 thousand (insurance, fees, rent, etc.) as well as, for the balance, various items of accrued income to be cashed.

23.1. Other current assets include the short-term share of the plan asset surpluses compared with the actuarial debt relating to the group's pension liabilities (see Notes 18 and 27).

NOTE 24. EQUITY

Publigas established the public limited company Fluxys on 12 July 2010, into which it transferred its stake (89.97%) in Fluxys Belgium SA on 10 September 2010.

On 30 March 2011, Caisse de dépôt et placement du Québec acquired a 10% stake in Fluxys SA, by means of a €150 million capital increase.

On 28 November 2011, Fluxys carried out a second capital increase of €300 million.

In 2012, 2013 and 2015, Fluxys carried out capital increases for a total amount of €145.8 million, of which €34.7 million uncalled. As a result of these capital increases the Société Fédérale de Participations et d'Investissement (SFPI) has entered the capital of Fluxys as well as the employees and management of the group.

As at 31 December 2015, Fluxys' shareholder structure was as follows:

- 77.73%: Publigas
- 19.96%: Caisse de dépôt et placement du Québec
- 2.14%: SFPI
- 0.17 %: Employees and management

These capital increases fall within the group's objective to maintain a solvency ratio of at least a third of equity.

Non-controlling interests amount to €676,571 thousand, representing the 10.03% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€86,996 thousand), as well as the 49.8% % in FluxSwiss (€245,003 thousand), and 49.25% in Interconnector (UK) (€342,662 thousand) and 5% in Huberator (€1,910 thousand).

The increase in non-controlling interests with regard to the previous financial ye ar is linked to the full consolidation of Interconnector (UK) since 15 December 2015 (see Note 3.1).

Note on parent entity shareholding

	Ordinary shares	Preferential shares	Total
I. Movements in number of shares			
1. Number of shares, opening balance	86,665,939	0	**86,665,939**
2. Number of shares issued	14,570	0	**14,570**
3. Number of ordinary shares cancelled or reduced (-)	0	0	0
4. Number of ordinary shares cancelled or reduced (-)	0	0	0
5. Other increase (/ decrease)	0	0	0
6. Number of shares, closing balance	86,680,509	0	**86,680,509**
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	**0**
3. Interim dividends during the financial year	0	0	**0**

NOTE 25. INTEREST-BEARING LIABILITIES

Non-current interest-bearing liabilities			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Finance leases	25.1	132,728	0
Bonds	25.2	1,200,516	975,117
Other borrowings	25.3	967,346	965,995
Other financing	25.4	112,154	0
Other liabilities	25.5	367,753	408,118
Joint arrangements	25.6	59,801	57,160
Total		**2,840,298**	**2,406,390**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities			In thousands of €
	Notes	**31-12-2015**	**31-12-2014**
Finance leases	25.1	8,249	47
Bonds	25.2	0	349,985
Other borrowings	25.3	247,764	155,114
Other financing	25.4	2,046	0
Other liabilities	25.5	35,465	75,591
Total		**293,524**	**580,737**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

25.1. Interconnector (UK) entered into a fixed-rate financial lease which matures in 2026. This contract concerns the Zeebrugge compression facilities.

25.2. Fluxys Belgium issued a bond in April 2012 for a total face value of €350 million. The bonds offer a gross annual coupon value of 4.25 % and mature in 2018.

In June 2011, Fluxys Finance placed a bond for a face value of €300 million. The bonds have a term of six years and offer an interest rate of 4.577 %.

To refinance the bond which matured at the end of 2015, Fluxys Belgium successfully made a private placement of bonds at the end of November 2014, for a total face value of €350 million.

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

Fluxys Finance completed two bond issues in the form of European Private Placements over the course of December 2015 for a total of €225 million. The first, of €150 million, was issued for a duration of 30 years and the second, of €75 million was issued for a duration of 20 years.

These transactions enabled Fluxys to diversify the duration of its financing under advantageous conditions.

25.3. Other borrowings included as at 31-12-2015:

- a 10-year loan of €17.0 million 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.
- a 25-year loan of €366.0 million at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network,
- Loans taken out by FluxSwiss and Transitgas the balance of which was €520.8 million as at 31-12-2015. Interest rate swaps were entered into to convert the variable interest rate of certain loans into fixed interest rates.
- Loans taken out by TENP KG the balance of which was €122.4 million as at 31-12-2015. Interest rate swaps were entered into to convert the variable interest rate of certain loans into fixed interest rates.
- A 5-year loan taken out by Interconnector (UK), the balance of which was €101.4 million as at 31-12-2015. Interest rate swaps were entered into to convert the variable interest rate of certain loans into fixed interest rates.
- Short term loans and pro rata interest for the balance.

25.4. Other financing corresponds to the amount at the group’s disposal to finance firstly the construction of the second jetty at Zeebrugge and secondly the cost associated with the conversion of part of the gas transmission network. Part of these amounts bears interest at a 10-year rate and the remainder at the average 1-year Euribor rate.

25.5. Regulatory liabilities included in ‘other liabilities’ represent the positive difference between the invoiced regulated tariffs and the acquired regulated tariffs. The share of tariffs listed as non-current liabilities corresponds to the regulatory liabilities to be used in more than one year's time, while the share to be used within the year is listed as current liabilities. These amounts bear interest.

25.6. These amounts correspond to contributions into the joint operations Transitgas and TENP KG by the joint operators. They arise from the fact that the integration percentages of these joint operations are not based on participations in these companies but are based on the rights attached to the assets and obligations for the liabilities incurred by the group in accordance with the capacity reserved in the installations.

Maturity of interest-bearing liabilities at 31-12-2015				In thousands of €
	Up to one year	**Between one and five years**	**More than five years**	**Total**
Finance leases	8,249	58,639	74,089	140,977
Bonds	0	631,098	569,418	1,200,516
Other borrowings	247,764	641,448	325,898	1,215,110
Other financing	2,046	23,155	88,999	114,200
Other liabilities	35,465	214,302	153,451	403,218
Joint arrangements	0	59,801	0	59,801
Total	**293,524**	**1,628,443**	**1,211,855**	**3,133,822**

Maturity of interest-bearing liabilities at 31-12-2014				In thousands of €
	Up to one year	**One to five years**	**More than five years**	**Total**
Finance leases	47	0	0	47
Bonds	349,985	628,844	346,273	1,325,102
Other borrowings	155,114	543,390	422,605	1,121,109
Other liabilities	75,591	237,088	171,030	483,709
Joint arrangements	0	57,160	0	57,160
Total	**580,737**	**1,466,482**	**939,908**	**2,987,127**

NOTE 26. PROVISIONS (EXCLUDING PROVISIONS FOR EMPLOYEE BENEFITS)

26.1. Provisions (excluding provisions for employee benefits)

Provisions for:			In thousands of €
	Litigation and claims	**Environment and site restoration**	**Total excluding personnel**
Provisions at 31-12-2014	**2,376**	**15,961**	**18,337**
Acquisitions through business combinations			
Additions	1,213	0	1,213
Use	-1,895	-22	-1,917
Release	0	0	0
Unwinding of the discount	0	419	419
Foreign exchange effect	-63	1,004	941
Changes in the consolidation scope	8,318	0	8,318
Other changes	3,211	1,562	4,773
Provisions at 31-12-2015, of which:	**13,160**	**18,924**	**32,084**
Non-current provisions	13,160	12,421	25,581
Current provisions	0	6,503	6,503

In 2015, the additions recorded primarily concern the provision registered by FluxSwiss to cover the risk associated with the final gas balance sheet account.

The amount included in the change in consolidation scope can be explained by the provisions of Interconnector (UK), which is fully consolidated since 15-12-2015.

The provisions relating to the restoration of sites offsetting a fixed asset without going through the income statement are included in other variations.

26.2. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2014	**71,833**
Acquisitions through business combinations	0
Additions	8,052
Use	-8,381
Release	0
Unwinding of the discount	3,059
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	-2,404
Expected return on plan assets	-2,285
Actuarial gains/losses recognised in equity	-12,811
Reclassification of the asset	9,727
Foreign exchange effect	19

Provisions at 31-12-2015, of which:	**66,809**
Non-current provisions	63,188
Current provisions	3,621

The provisions for employee benefits not pre-funded have decreased, mainly as a result of the increase of the discount rate used in 2015 (1.96%) compared with 2014 (1.45%). Defined benefit pension plans have surplus plan assets compared with the actuarial liability on estimated liabilities of the group at 31-12-2015. The amount was therefore transferred to the assets in the balance sheet under '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 the income statement and maturity of provisions are distributed as follows:

Impact			In thousands of €
	Additions	**Use and reversals**	**Total**
Profit (loss) from continuing operations	9,265	-10,298	-1,033
Financial profit (loss)	1,074	-2,285	-1,211
Total	**10,339**	**-12,583**	**-2,244**

Maturity of provisions at 31-12-2015				In thousands of €
	Up to one year	**Between one and five years**	**More than five years**	**Total**
Litigation and claims	0	7,587	5,573	13,160
Environment and site restoration	6,503	0	12,421	18,924
Subtotal	**6,503**	**7,587**	**17,994**	**32,084**
Employee benefits	3,621	14,301	48,887	66,809
Total	**10,124**	**21,888**	**66,881**	**98,893**

Maturity of provisions at 31-12-2014				In thousands of €
	Up to one year	**Between one and five years**	**More than five years**	**Total**
Litigation and claims	0	0	2,376	2,376
Environment and site restoration	7,945	39	7,977	15,961
Subtotal	**7,945**	**39**	**10,353**	**18,337**
Employee benefits	4,112	20,766	46,955	71,833
Total	**12,057**	**20,805**	**57,308**	**90,170**

Discount rate

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

Discount rate		
	31-12-2015	**31-12-2014**
Between one and five years	0.65%	0.45%
Between six and ten years	0.95%	0.81%
Over ten years	1.96%	1.45%

Provisions for litigation and claims

These provisions have been established to cover potential litigation payments arising for instance from the construction of the Zeebrugge LNG terminal (1983), the risks relating to the final gas balance sheet in Switzerland, those relating to Transitgas and those relating to the tax claims in Interconnector (UK).

The estimation for these provisions are based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of decommissioning, safety, clean-up and restoration of sites subject to closure.

In Belgium, these provisions come under the regional environmental legislative framework and the 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 allowing affiliates to benefit from a capital calculated based on a formula that takes account of their final annual salary and the number of years of service when they leave or retire. These retirement schemes are referred to as defined benefit pension plans.

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.

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 group also has other pension benefits, 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.

Financial status of the funded defined benefit obligations

In thousands of €	Pensions *		Other **	
	2015	**2014**	**2015**	**2014**
Present value of funded defined benefit obligations	-143,165	-145,587	-55,763	-61,051
Fair value of plan assets	160,399	153,358	0	0
Funded status of plans	**17,234**	**7,771**	**-55,763**	**-61,051**
Impact on minimum funding requirement/effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**17,234**	**7,771**	**-55,763**	**-61,051**
Funds assets	28,280	18,553	0	0
Funds liabilities	-11,046	-10,782	-55,763	-61,051

** 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 price subsidies)*

Movements in the present value of defined benefit obligations

In thousands of €	Pensions *		Other **	
	2015	**2014**	**2015**	**2014**
At the start of the period	**-145,587**	**-131,867**	**-61,051**	**-44,752**
Service costs	-4,950	-3,938	-2,188	-1,828
Early retirement costs	12	-738	0	0
Financial loss (-) / profit (+)	-2,193	-3,843	-866	-1,505
Participant's contributions	-924	-343	0	0
Change in demographic assumptions	2,899	4,141	-626	-4,221
Change in financial assumptions	6,166	-17,916	2,374	-11,201
Change from experience adjustments	4,119	2,556	5,002	673
Past service costs	0	0	0	0
Benefits paid	9,638	6,453	1,592	1,783
Other	-12,345[7]	-92	0	0
At the end of the period	**-143,165**	**-145,587**	**-55,763**	**-61,051**

[7] Transitgas: qualification of employee benefits as defined benefit plans from 2015

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2015	**2014**	**2015**	**2014**
At the start of the period	**153,358**	**141,621**	**0**	**0**
Interest income	2,285	4,192	0	0
Return on plan assets (excluding net interest income)	-4,719	7,297	0	0
Employer's contributions	5,863	6,273	1,592	1,783
Participants' contributions	924	343	0	0
Benefits paid	-9,638	-6,453	-1,592	-1,783
Other	12,326	85	0	0
At the end of the period	**160,399**	**153,358**	**0**	**0**
Actual return on plan assets	**-2,434**	**11,489**	**0**	**0**

Costs of defined benefit plans recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2015	**2014**	**2015**	**2014**
Cost				
Service costs	-4,950	-3,938	-2,188	-1,828
Early retirement costs	12	-738	0	0
Past service costs	0	0	0	0
Actuarial gains/(losses) on other long-term benefits	0	0	2,404	-4,772
Net interest on net liabilities/(assets) for defined benefits				
Interest expense on defined benefit obligations	-2,193	-3,843	-866	-1,505
Interest income on plan assets	2,285	4,192	0	0
Defined benefit costs recognised in profit or loss	**-4,846**	**-4,327**	**-650**	**-8,105**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other **	
	2015	**2014**	**2015**	**2014**
Change in demographic assumptions	2,899	4,141	-626	-4,221
Change in financial assumptions	6,166	-17,916	-30	-6,429
Change from experience adjustments	4,119	2,556	5,002	673
Return on plan assets (excluding net interest income)	-4,719	7,297	0	0
Actuarial losses (gains) recognised in other comprehensive income	**8,465**	**-3,922**	**4,346**	**-9,977**

Allocation of defined benefit obligation by type of participant

In thousands of €	2015	2014
Active plan participants	-166,014	-169,682
Non-active participants with deferred benefits	-3,494	-2,946
Retirees and beneficiaries	-29,420	-34,010
Total	**-198,928**	**-206,638**

Allocation of defined benefit obligation by type of benefit

In thousands of €	2015	2014
Retirement and death benefits	-143,165	-145,587
Other post-employment benefits (medical expenses and tariff reductions)	-33,165	-38,453
Seniority bonuses	-22,598	-22,598
Total	**-198,928**	**-206,638**

Main actuarial assumptions used

	2015	2014
Discount rate	1.96%	1.45%
Expected average salary increase *	2.00%	2.00%
Expected inflation	1.75%	1.75%
Expected increase in health expenses *	2.75%	2.75%
Expected increase of tariff advantages *	1.75%	1.75%
Average assumed retirement age	63	62
Mortality tables	Prospective IABE	MR/FR adjusted
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	22
- Female	24	22
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	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 bonds.

Each year, the discount rate used to calculate obligations for financing pension liabilities 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.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used as those published by the IABE (Institute of Actuaries in Belgium).

Defined benefit pension plans have surplus plan assets compared with the actuarial liability on estimated liabilities of the group at 31-12-2015. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' and 'Other current assets'. These surpluses will be gradually recovered through a reduction in future contributions to be paid.

The fair value of plan assets per major category

	2015	2014
Listed investments	**78.62%**	**82.29%**
Shares - eurozone	17.33%	16.33%
Shares - outside eurozone	13.72%	13.40%
Government bonds - eurozone	5.00%	4.84%
Other bonds - eurozone	33.16%	38.25%
Other bonds - outside eurozone	9.41%	9.47%
Non-listed investments	**21.38%**	**17.71%**
Insurance contracts	1.91%	0.00%
Real estate	3.91%	4.18%
Cash and cash equivalents	2.48%	0.83%
Other	13.08%	12.70%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**160,399**	**153,358**

Sensitivity analysis

Impact on defined benefit obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.5%)	11,891
Average salary increase - Excluding inflation (0.5%)	-6,151
Increase in inflation rate (0.25%)	-12,060
Increase in healthcare benefits (1%)	-4,053
Increase in tariff benefits (0.5%)	-1,216
Increase in life expectancy of retirees (1 year)	-1,431

Average weighted duration of defined benefit obligations

	2015	2014
Average weighted duration of defined benefit obligations	13	12

The average duration of the defined benefit contributions is around 13 years. These plans are closed, which explains the relatively short duration.

Expected contribution for the defined benefit

	In thousands of €
Expected contribution in 2016	5,359

Defined contribution pension plans

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans. Other companies in the group also grant this type of benefit to certain categories of staff.

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, etc.
- 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, which varies based on the market rates.

The minimum returns guaranteed by the employer are the following:

- For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum return guaranteed has been initially set at 1.75%.
- For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.16).

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 paid into insurance companies which guarantee a minimum return 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

Given that actual accumulated returns as at 31-12-2015 are higher than the guaranteed minimum rate for each member of staff, no provision has been made. The application of the PUCM (Projected Unit Credit Method) confirms that no provision needs be recorded for these liabilities.

Minimum guaranteed reserves from defined contribution pension plans in Belgium	In thousands of €	
	2015	**2014**
Minimum guarantees reserves from defined contribution pension plans	20,374	13,437
Accumulated contributions based on the effective yield on the balance sheet date	-21,956	-15,433
Difference	**-1,582**	**-1,996**

Expected contribution to pay for the defined contribution

	In thousands of €
Contribution paid in 2015 (in Belgium)	3,335
Contribution expected in 2016 (in Belgium)	2,587

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 €	
	31-12-2015	**31-12-2014**
Valuation of assets	751,765	583,991
Accrued income	3,882	4,565
Fair value of financial instruments	-8,829	-396
Provisions for employee benefits or provisions not accounted for under IFRS	35,083	26,377
Other normative differences	10,849	13,926
Total	**792,750**	**628,463**

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

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets. This difference comes from the fair value accounting of property, plant and equipment and intangible assets within the scope of business combination transactions (IFRS 3).

The increase in deferred taxes arising from assets can primarily be explained by the effect of the consolidation scope relating to the full consolidation of Interconnector (UK).

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.

Finally, the valuation at fair value of financial instruments also generates deferred tax accounting. The financial instruments concerned are interest rate swaps and foreign currency futures. Reference is made to the Note on financial instruments for more information on this subject.

All deferred tax assets and liabilities are recognised, except for unrecognised deferred tax liabilities calculated on the results reported by subsidiaries.

Movement for the period		In thousands of €
	Notes	**Deferred tax**
Total income tax expense deferred as at 31-12-2014		**628,463**
Deferred tax expenses – Profit & loss account	10.2	-51,708
Deferred tax expenses – other comprehensive income		1,834
Business combinations		0
Changes in the consolidation scope		197,620
Translation adjustments		16,583
Other		-42
Total income tax expense deferred as at 31-12-2015		**792,750**

NOTE 29. CURRENT TAX PAYABLES

Current tax payables	In thousands of €	
	31-12-2015	**31-12-2014**
Income tax payable	37,242	25,155
Total	**37,242**	**25,155**

Current tax payables record income tax payables.

The increase in this item can primarily be explained by the effect of the consolidation scope relating to the full consolidation of Interconnector (UK).

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 €	
	31-12-2015	**31-12-2014**
Trade payables	55,986	55,428
Payroll and related items	32,066	26,282
Other payables	28,275	20,230
Total	**116,327**	**101,940**

The increase in this item can primarily be explained by the effect of the consolidation scope relating to the full consolidation of Interconnector (UK).

NOTE 31. OTHER CURRENT LIABILITIES

Other current liabilities		In thousands of €
	31-12-2015	31-12-2014
Deferred income	9,281	4,411
Accrued expenses and amounts to be reimbursed	14,039	10,171
Total	**23,320**	**14,582**

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

NOTE 32. CONTINGENT ASSETS AND LIABILITIES – RIGHTS AND LIABILITIES OF THE GROUP

32.1. LITIGATION

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 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, appeals were lodged against the Belgian State and Fluxys Belgium SA.

The risk incurred by Fluxys Belgium SA 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 and the letter of 30 December 1983 from the Ministers for Finance and Economic Affairs.

Other litigation

- Income tax expenses: Amendment notices for the tax year 2005 were issued by the tax authorities. The resulting tax assessment amounting to €527 thousand was received and was settled when due. However it was disputed by the companies concerned within the group and has not been recognised in profit/loss.
  The group expects a favourable resolution in 2016, whereby the other concerned years have been reimbursed in 2014.

- Transitgas claim: The Transitgas transmission facilities were closed during the period between July and December 2010. A claim has been filed on this subject for an amount of €250 million by SPEIA versus ENI, Stogit and Transitgas. Transitgas considers this claim unfounded and appeals against it. The first decision by the courts was issued in favour of Transitgas and in the meantime SPEIA has been placed under administration. The administrator has not to date expressed any intention to pursue the proceedings.
- 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 recognised as at 31-12-2015.
- Claim relating to the 'Open Rack Vaporiser' investment: A compensation claim for additional works was introduced by a supplier in the scope of the investment 'Open Rack Vaporiser' 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. No provision has therefore been recognised as at 31-12-2015.
- 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 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.

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

Rental guarantees have been issued in favour of owners of assets leased by the group.

At 31 December 2015, other guarantees amounted to €2,136 thousand.

32.5. Long-term leases and licence agreements

The Fluxys group also has licence agreements for third-party sites (including licences in respect of public land) on which the group's installations are built. These agreements expire between 2017 and 2112.

32.6. Commitments as part of the leases for Transitgas, TENP and Interconnector (UK)

As part of the leases for Transitgas and TENP, FluxSwiss and Fluxys TENP have committed to pay royalties dues for the provision of 90% and 64.25% respectively of the capacity of these facilities. The end date of these leases is 2021, with the option to extend.

As part of the leases, Interconnector (UK) has committed to pay the royalties due for the provision of the facilities. These investments mature between 2018 and 2025.

32.7. Commitments under the capacity subscription agreements

The Capacity Subscription Agreements (CSA) entered into with the terminal users of the Zeebrugge LNG terminal provide for 1,161 slots to be available from 2016 to 2027. Other long-term terminalling service contracts have been entered into, the end date of which is in 2039.

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

The Fluxys group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which were fulfilled by the group as at 31-12-2015.

Certain financing agreements however provide for maintaining a minimum level of cash and cash equivalents in the companies concerned for a total of €55.4 million as at 31 December 2015.

A guarantee has been supplied as part of the financing ensuing from the SPEIA litigation (see Note 32.1).

32.9. Commitments with regard to projects under construction

The Fluxys group has stakes in Dunkerque LNG and TAP. The group progressively provides the funds necessary for financing these investments under construction, either in the form of equity or in the form of shareholder loans.

32.10. Other

Other liabilities have been made and received by the Fluxys 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 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 group's cash is managed as part of a general policy that was approved by the Board of Directors.

The objective of this policy is to optimise the group’s cash positions, through internal transfers allowing especially the group’s projects to be financed. Transactions are entered into at market terms and conditions.

In case of need, the group can borrow on a short- medium- or long-term basis to respond to its cash needs.

Cash surpluses are largely allocated to the operational needs and to development projects of the Fluxys group’s companies. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

Cash surpluses other than those referred to above are kept either 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.

At 31-12-2015, current investments, cash and cash equivalents amounted to €436,903 thousand, compared with €753,488 thousand at 31-12-2014. The repayment of a private bond (see Note 22 and 25.1) for a face value of €350 million explains the reduction in investments and cash and cash equivalents of the group at the end of 2015.

Certain financing agreements however provide for maintaining a minimum level of cash and cash equivalents in the companies concerned for a total of €55.4 million as at 31 December 2015 compared with €37.3 million as at 31 December 2014.

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 sources, 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 clients contribute 55% of the operating revenue.

Foreign exchange risk

The currency used by the group is the euro.

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.

The group is exposed to CHF/EUR currency fluctuation risks primarily because of its stake in FluxSwiss. This net investment in a Swiss business has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

Intragroup loans to our subsidiary in Switzerland are covered either through cross currency interest rate swaps or currency forward contracts. These instruments are a natural hedge for the risk incurred by the group with regard to CHF/EUR currency fluctuations. The variation in value of these latter instruments is accounted for in the profit/loss for the period.

The group is exposed to GBP/EUR and SEK/EUR currency fluctuation risks largely because of its stakes in Interconnector (UK) Ltd and Swedegas. These net investments in business in the UK and Sweden have been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

The group is exposed to USD/EUR currency fluctuation risks primarily because of its stake in LNG Link Investment AS. This net investment in a Norwegian business has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

The fair value of hedging instruments for 'CHF', 'GBP','SEK' and 'USD' is recorded in the assets of the balance sheet under the item 'other financial assets' for €927 thousand as at 31-12-2015 compared with €10,335 thousand as at 31-12-2014 and under the liabilities of the balance sheet under the item 'other financial liabilities' for €12,882 thousand as at 31-12-2015 compared with €5,164 thousand as at 31-12-2014. The notional amounts covered as at 31-12-2015 come respectively to CHF 153.4 million; GBP 105.8 million; SEK 894.3 million and USD 1.3 million compared with CHF 154.8 million and GBP 92.9 million in 2014 whilst the maturities are between 2016 and 2026.

Sensitivity analysis:
Outside hedging instruments, a 10% variation in the CHF exchange rate would have an impact of €23.4 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €52.3 million on equity for the financial year. These impacts are determined based on the net assets of the companies concerned on the balance sheet date.

Interest rate risk

The group's debt is €3,133,822 thousand as at 31-12-2015 compared with €2,987,127 thousand as at 31-12-2014. It mainly consists of fixed interest rate loans which mature between 2016 and 2045 (see Note 25).

Loans taken out by FluxSwiss, Transitgas, TENP KG and Interconnector (UK) are financed with variable rates over the short term.

In order to manage this risk exposure, the companies have interest rate swap contracts destined to exchange this variable rate for a fixed rate. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity insofar as it concerns the effective part of the hedge. It is worthy to note that the interest rates to be paid on Swiss debts have a minimum rate of 0%, which is not reflected in the IRS hedging. The part of these hedging financial instruments qualified as ineffective has therefore been recognised in the result of 2015 for an amount of €4.4 million (see Note 8.1).

The fair value of these financial instruments at the end of 2015 is included in the liabilities of the balance sheet under the item 'other financial liabilities' and comes to €33,546 thousand as at 31-12-2015 compared with €23,112 thousand as at 31-12-2014. The notional amount covered comes to CHF 538.7 million and €93.2 million as at 31-12-2015 whilst maturity is between 2016 and 2024.

In addition, the group's interest-bearing liabilities include liabilities to be used within the regulatory framework. These latter bear interest. The group does not incur any interest rate risks related to this.

Sensitivity analysis:
Outside hedging instruments, a variation of 100 base points in interest rates on financing would have an impact on financial results in 2016 of €2.4 million compared with €2.5 million for FluxSwiss in the previous year; of €2.3 million compared with €2.7 million for Transitgas and of €0.9 million compared with €0.9 million for TENP KG.

Liquidity Risk

Liquidity risk management is essential since maximum liquidity and optimum use of cash represent a major objective of the Fluxys 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 Fluxys group has entered into financing arrangements that include contractual clauses (financial covenants) which the group satisfied as at 31-12-2015. These contractual clauses provide for a minimum level of equity, ratios of cash flow against interests payable and cash flow against net debt.

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

Cash facilities

The group has cash facilities for an amount of €612.2 million as at 31-12-2015, compared with €612.5 million as at 31-12-2014.

33.1 Summary of financial instruments at balance sheet date				In thousands of €
31-12-2015	**Category**	**Book value**	**Fair value**	**Level**
I. Non-current assets				
Other financial assets – Category 3 derivative instruments	3*	0	0	2
Other financial assets – Category 2 derivative instruments	2*	0	0	2
Investment securities at fair value through income statement	2	23,046	23,046	1 & 2
Other financial assets	1	1,612	1,612	2
Financial lease receivables	1	0	0	2
Loans and receivables	1	273,606	293,763	2
II. Current assets				
Other current financial assets – Derivative instruments	3*	927	927	2
Financial lease receivables	1	0	0	2
Trade and other receivables	1	132,797	132,797	2
Cash investments	1 & 2	121,937	121,937	1 & 2
Cash and cash equivalents	1 & 2	291,920	291,920	1 & 2
Total financial instruments – assets		**845,845**	**866,002**	
I. Non-current liabilities				
Interest-bearing liabilities	1	2,840,298	2,901,093	2
Other financial liabilities – Derivative instruments	3**	42,746	42,746	2
II. Current liabilities				
Interest-bearing liabilities	1	293,524	293,524	2
Other financial liabilities – Derivative instruments	3**	3,682	3,682	2
Trade and other payables	1	116,327	116,327	2
Total financial instruments - liabilities		**3,296,577**	**3,357,372**	

** The detail of these financial instruments is provided in Table 33.3*

*** The detail of these financial instruments is provided in Table 33.5*

The categories correspond to the following financial instruments:

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

33.2 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 – Category 3 derivative instruments	3*	10,335	10,335	2
Other financial assets – Category 2 derivative instruments	2*	2,105	2,105	2
Investment securities at fair value through income statement	2	17,538	17,538	1 & 2
Other financial assets	1	1,303	1,303	2
Financial lease receivables	1	16,641	16,641	2
Loans and receivables	1	119,803	119,803	2
II. Current assets				
Other current financial assets – Derivative instruments	3*	0	0	2
Financial lease receivables	1	3,334	3,334	2
Trade and other receivables	1	129,409	129,409	2
Cash investments	1 & 2	503,069	503,069	1 & 2
Cash and cash equivalents	1 & 2	232,881	232,881	1 & 2
Total financial instruments – assets		**1,036,418**	**1,036,418**	
I. Non-current liabilities				
Interest-bearing liabilities	1	2,406,390	2,453,240	2
Other financial liabilities – Derivative instruments	3**	26,104	26,104	2
II. Current liabilities				
Interest-bearing liabilities	1	580,737	579,644	2
Other financial liabilities – Derivative instruments	3**	2,172	2,172	2
Trade and other payables	1	101,940	101,940	2
Total financial instruments - liabilities		**3,117,343**	**3,163,100**	

** The detail of these financial instruments is provided in Table 33.3*

*** The detail of these financial instruments is provided in Table 33.5*

33.3 Detail of fair value of derivative instruments in assets		In thousands of €
Derivative instruments designated as hedging instruments	**As at 31-12-2015**	**As at 31-12-2014**
Foreign exchange swaps and forwards - Hedging of net foreign investments	927	10,335
Interest rate swaps - Cash flow hedges	0	0
Total of instruments designated as hedging instruments of which:	**927**	**10,335**
Non-current	0	10,335
Current	927	0
Derivative instruments not designated as hedging instruments	**As at 31-12-2015**	**As at 31-12-2014**
Cross currency interest rate swaps	0	2,105
Total of instruments not designated as hedging instruments of which:	**0**	**2,105**
Non-current	0	2,105
Current	0	0
Total of derivate instruments in assets of which:	**927**	**12,440**
Non-current	0	12,440
Current	927	0

33.4 Maturity of derivative instruments in assets		In thousands of €
	As at 31-12-2015	**As at 31-12-2014**
Up to one year	927	0
One to five years	0	10,335
More than five years	0	2,105
Total	**927**	**12,440**

33.5 Detail of fair value of derivate instruments in liabilities		In thousands of €
Derivative instruments designated as hedging instruments	**As at 31-12-2015**	**As at 31-12-2014**
Foreign exchange swaps - Hedging of net foreign investments	12,882	5,164
Interest rate swaps - Cash flow hedges	27,697	23,112
Total of instruments designated as hedging instruments of which:	**40,579**	**28,276**
Non-current	36,897	26,104
Current	3,682	2,172
Derivative instruments not designated as hedging instruments	**As at 31-12-2015**	**As at 31-12-2014**
Cross currency interest rate swaps	5,849	0
Total of instruments not designated as hedging instruments of which:	**5,849**	**0**
Non-current	5,849	0
Current	0	0
Total of derivate instruments in liabilities of which:	**46,428**	**28,276**
Non-current	42,746	26,104
Current	3,682	2,172

33.6 Maturity of derivate instruments in liabilities		In thousands of €
	As at 31-12-2015	**As at 31-12-2014**
Up to one year	3,682	2,172
One to five years	9,198	0
More than 5 years	33,548	26,104
Total	**46,428**	**28,276**

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 bonds whose fair value is determined based on active market rates, usually provided by financial institutions.
- The items 'Other financial assets' and 'Other financial liabilities' include derivative instruments whose fair value is determined based on active market rates, usually provided by financial institutions.
- The fair value of other financial assets and liabilities categorised under level 2 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 closing date of the financial statements.

Note 34. Related parties

The Fluxys group is controlled by Publigas.

In 2015, the Fluxys group executed joint operation transactions with Tenp KG and Transitgas and with associates, i.e. Dunkerque LNG, Gaz-Opale, GasBridge 2, Swedegas and TAP.

Other related parties include transactions with Publigas, SNAM (partner in GasBridge 1) and Global Infrastructure Partners (partner in FluxSwiss) as well as relations with administrators and members of the management team, the latter being tasked the management of the company and decisions on investments.

Related parties								In thousands of €
	31-12-2015				**31-12-2014**			
	Joint arrange-ments	Associates	Other related parties	Total	Joint arrange-ments	Associates	Other related parties	Total
I. Assets with related parties	**163**	**122,572**	**0**	**122,735**	**160**	**117,025**	**0**	**117,185**
1. Other financial assets	**0**	**122,572**	**0**	**122,572**	**0**	**96,999**	**0**	**96,999**
1.1. Securities other than shares	0	0	0	0	0	0	0	0
1.2. Loans	0	122,572	0	122,572	0	96,999	0	96,999
2. Other non-current assets	**0**	**0**	**0**	**0**	**0**	**16,641**	**0**	**16,641**
2.1. Finance leases	0	0	0	0	0	16,641	0	16,641
2.2. Other non-current receivables	0	0	0	0	0	0	0	0
3. Trade and other receivables	**163**	**0**	**0**	**163**	**160**	**3,385**	**0**	**3,545**
3.1. Clients	163	0	0	163	160	51	0	211
3.2. Finance leases	0	0	0	0	0	3,334	0	3,334
3.3. Other receivables	0	0	0	0	0	0	0	0
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**59,801**	**9,382**	**35,224**	**104,407**	**43,157**	**6,502**	**32,266**	**81,925**
1. Interest-bearing liabilities (current and non-current)	**59,801**	**0**	**35,224**	**95,025**	**43,157**	**0**	**32,266**	**75,423**
1.1. Bank borrowings	0	0	0	0	0	0	0	0
1.2. Finance leases	0	0	0	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0	0	0	0
1.4. Other borrowings	59,801	0	35,224	95,025	43,157	0	32,266	75,423
2. Trade and other payables	**0**	**9,382**	**0**	**9,382**	**0**	**6,502**	**0**	**6,502**
2.1. Trade payables	0	0	0	0	0	0	0	0
2.2. Other payables	0	9,382	0	9,382	0	6,502	0	6,502
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Related parties								In thousands of €
	31-12-2015				**31-12-2014**			
	Joint arrange-ments	Associates	Other related parties	Total	Joint arrange-ments	Associates	Other related parties	Total
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	**645**	**3,367**	**0**	**4,012**	**693**	**1,778**	**79**	**2,550**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5. Net financial income	**-3,401**	**1,804**	**-1,994**	**-3,591**	**3,359**	**2,020**	**-1,903**	**3,476**
6. Directors' and senior executives' remuneration			**2,698**	**2,698**			**2,415**	**2,415**
of which short-term employee benefits			2,260	2,260			2,031	2,031
of which post-employment benefits			438	438			384	384

NOTE 35. SEGMENT INFORMATION

Operating segments

The Fluxys group carries out activities in the following operating segments:

- The Belgium segment comprises the regulated activities in Belgium and complementary activities thereto,
- The Europe segment comprises activities outside Belgium and activities within Belgium not subject to regulation.

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

The Belgium segment comprises all services subject to the Belgian Gas Act, i.e. transmission, storage in Loenhout and LNG terminalling services in Zeebrugge. Other activities with a link to these services are included in this segment, whether or not subject to the Gas Act. They mainly comprise the stake in the IZT and ZPT terminals[8], making facilities or persons available as well as work for third parties.

The Europe segment comprises the revenue generated by the transmission facilities in Germany, Switzerland, between Zeebrugge and Belgium and Bacton in the UK (IUK) and between Balgzand in the Netherlands and Bacton in the UK (BBL), the activities relating to hub management in Zeebrugge, gas dispatching services and the sale of software solutions.

The 'Unallocated' column comprises the governance and financial management activities of the Fluxys group.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments are valued either at the current regulated tariff or on the basis of the contractual prices in accordance with market conditions.

Information relating to the main customers

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

[8] *Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT)*

Segment income statement at 31-12-2015					In thousands of €
	Fluxys Belgium	**Fluxys Europe**	**Unallocated**	**Elimination between segments**	**Total**
Operating revenue					
Sales and services to external customers	534,538	337,715	623		872,876
Transactions with other sectors	3,469	22	11,263	-14,754	0
Sales of gas related to balancing operations and operational needs	55,104	7,003	0		62,107
Other operating income	12,205	5,163	727	-2,794	15,301
Consumables, merchandise and supplies used	-3,920	0	0	0	-3,920
Purchase of gas related to balancing of operations and operational needs	-55,044	-18,375	0		-73,419
Miscellaneous goods and services	-123,635	-46,659	-16,346	17,548	-169,092
Employee expenses	-112,072	-14,827	-5,564	0	-132,463
Other operating expenses	-18,668	-4,068	-7	0	-22,743
Depreciation and amortisation	-151,834	-120,287	-154	0	-272,275
Provisions for risks and charges	2,268	-1,240	5	0	1,033
Impairment losses	-537	0	0	0	-537
Profit/loss from continuing operations	**141,874**	**144,447**	**-9,453**	**0**	**276,868**
Earnings from associates and joint ventures	0	18,636	0		18,636
Profit/loss before financial result and tax	**141,874**	**163,083**	**-9,453**	**0**	**295,504**
Change in the fair value of financial instruments					-15,497
Financial income					44,693
Finance costs					-119,447
Profit/loss from continuing operations after net financial result					**205,253**
Income tax expenses					-51,593
Net profit/loss for the period					**153,660**

Segment balance sheet at 31-12-2015				In thousands of €
	Fluxys Belgium	**Fluxys Europe**	**Unallocated**	**Total**
Property, plant and equipment	2,330,542	2,220,837	0	4,551,379
Intangible assets	259,834	633,651	0	893,485
Goodwill	1,924	0	0	1,924
Investments in associates and joint ventures	0	439,703	14	439,717
Inventories	26,116	3,120	0	29,236
Financial lease receivables	0	0	0	0
Net trade receivables	72,885	35,664	0	108,549
Other assets			792,639	792,639
				6,816,929
Interest-bearing liabilities	1,852,263	1,281,559		3,133,822
Other financial assets	0	46,428		46,428
Other liabilities			3,636,679	3,636,679
				6,816,929

Segment income statement at 31-12-2014					In thousands of €
	Fluxys Belgium	**Fluxys Europe**	**Unallocated**	**Elimination between segments**	**Total**
Operating revenue					
Sales and services to external customers	552,025	317,740	90		869,855
Transactions with other sectors	2,932	15	7,948	-10,895	0
Sales of gas related to balancing operations and operational needs	40,393	8,894	0		49,287
Other operating income	17,881	5,777	1,971	-3,944	21,685
Consumables, merchandise and supplies used	-4,232	-3,683	0	0	-7,915
Purchase of gas related to balancing of operations and operational needs	-40,395	-24,205	0		-64,600
Miscellaneous goods and services	-138,563	-36,908	-16,115	12,944	-178,642
Employee expenses	-117,428	-13,477	-4,697	0	-135,602
Other operating expenses	-20,190	-6,422	-2	0	-26,614
Net depreciation	-156,031	-90,449	-45	0	-246,525
Provisions for risks and charges	3,030	-1,371	14	1,895	3,568
Net impairment losses	-1,902	0	0	0	-1,902
Profit/loss from continuing operations	**137,520**	**155,911**	**-10,836**	**0**	**282,595**
Earnings from associates and joint ventures	0	27,923	0		27,923
Profit/loss before financial result and tax	**137,520**	**183,834**	**-10,836**	**0**	**310,518**
Change in the fair value of financial instruments					-1,076
Financial income					11,150
Finance costs					-101,989
Profit/loss from continuing operations after net financial result					**218,603**
Income tax expenses					-53,308
Net profit/loss for the period					**165,295**

Segment balance sheet at 31-12-2014				In thousands of €
	Fluxys Belgium	**Fluxys Europe**	**Unallocated**	**Total**
Property, plant and equipment	2,293,712	1,441,619	0	3,735,331
Intangible assets	219,553	437,162	0	656,715
Goodwill	1,924	0	0	1,924
Investments in associates and joint ventures	0	553,162	0	553,162
Inventories	29,848	2,900	0	32,748
Financial lease receivables	19,975	0	0	19,975
Net trade receivables	70,108	20,131	0	90,239
Other assets			975,787	975,787
				6,065,881
Interest-bearing liabilities	1,956,215	1,030,912	0	2,987,127
Other financial assets	0	28,276	0	28,276
Other liabilities			3,050,478	3,050,478
				6,065,881

Note 36. Directors' and senior executives' remuneration

Pursuant to Article 14 of the Articles of Association, the Board of Directors of Fluxys SA comprises no more than 12 members, who can be natural persons or legal entities, shareholders or not, and appointed for six years as a maximum by the General Meeting of Shareholders.

The Fluxys group has not granted any loans to administrators and the administrators have moreover not executed any unusual transactions with the group.

Reference is made to the management report and to Note 34 for more information on this subject.

Note 37. Events after the balance sheet date

Gazprom and Fluxys sign a cooperation framework agreement for small-scale LNG

In March 2016, Gazprom and Fluxys signed a cooperation framework agreement for the development of small-scale LNG on the European market.

This agreement reflects the intention of the parties to cooperate in joint projects for the construction and operation of LNG facilities in Europe; receiving terminals, filling stations and bunkering infrastructure.

4. Statutory auditor’s report

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

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of 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 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 EUR 6,816,929 (000) and the consolidated profit (group share) for the year is EUR 121,189 (000).

Responsibilities of the Board of Directors in 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.

The 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 us to conform to the rules on ethics and to plan and conduct the audit so as to obtain reasonable assurance that the consolidated financial statements do not contain any 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing this risk, the auditor considers the entity's internal control as regards the preparation of the consolidated financial statements so as to give a true and fair view in order to determine the audit procedures appropriate to the circumstances, and not to form an opinion of the effectiveness of the entity'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 SA give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

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

- The management report in the consolidated financial statements contains the information required by law, is consistent with the annual accounts, and does not contain any material inconsistency with the information we obtained as part of our task.

Antwerp on 18 April 2016
The statutory auditor

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DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jurgen Kesselaers

III. Statutory accounts of Fluxys SA under Belgian GAAP

Given that Fluxys SA is essentially a holding company, holding the stakes at their book value, the unconsolidated annual accounts only give a limited view of the company’s financial situation. As a result, the Board of Directors has deemed it appropriate to, in application of Article 105 of the Companies Code, only publish an abridged version of the unconsolidated annual accounts as at 31 December 2015.

The statutory auditor has issued a report with an unqualified audit opinion on the statutory annual accounts of Fluxys SA.

These documents have been filed with the National Bank of Belgium.

They are available free of charge upon request at the following address:
Fluxys SA.
Communication Department
Avenue des Arts 31, 1040 Bruxelles

1. Balance sheet

Assets	In thousands of €	
	31-12-2015	**31-12-2014**
Fixed assets	**1,822,783**	**1,830,606**
Formation expenses	0	0
Intangible assets	0	0
Property, plant and equipment	713	857
Financial fixed assets	1,822,070	1,829,749
Current assets	**249,726**	**282,866**
Amounts receivable after more than one year	0	0
Stock and contracts in progress	0	0
Amounts receivable within one year	1,436	44,980
Cash investments	0	0
Cash at bank and in hand	248,287	237,883
Deferred charges and accrued income	3	3
Total	**2,072,509**	**2,113,472**

Equity and liabilities	In thousands of €	
	31-12-2015	**31-12-2014**
Equity	**1,931,681**	**1,980,188**
Capital	1,698,888	1,698,597
Share premium account	80,903	80,876
Revaluation surpluses	0	0
Reserves	43,677	39,515
Accumulated profits (losses)	108,148	161,119
Capital subsidies	65	81
Provisions and deferred taxes	**34**	**42**
Provisions for liabilities and charges	0	0
Deferred tax	34	42
Amounts payable	**140,794**	**133,242**
Amounts payable after more than one year	0	0
Amounts payable within one year	140,794	133,242
Accrued charges and deferred income	0	0
Total	**2,072,509**	**2,113,472**

2. Income statement

Income statement		In thousands of €
	31-12-2015	**31-12-2014**
Operating income	11,890	10,052
Operating charges	18,550	19,002
Operating profit	**-6,660**	**-8,950**
Financial income	99,766	133,242
Finance costs	28	29
Net financial income	**99,738**	**133,213**
Profit on ordinary activities before taxes	**93,078**	**124,263**
Extraordinary income	0	0
Extraordinary charges	8,894	897
Net extraordinary income / (expense)	**-8,894**	**-897**
Earnings before taxes	**84,184**	**123,366**
Transfer from deferred taxes	**8**	**2**
Income tax expenses	**949**	**-515**
Net profit/loss for the period	**83,243**	**123,883**
Transfer to untaxed reserves	**0**	**0**
Profit for the period available for appropriation	**83,243**	**123,883**

3. Appropriation account

Appropriation account		In thousands of €
	31-12-2015	**31-12-2014**
Profit to be appropriated	**244,362**	**292,993**
Profit for the period available for appropriation	83,243	123,883
Profit carried forward from the previous period	161,119	169,110
Transfer from equity	**0**	**0**
From reserves	0	0
Transfer to equity	**4,162**	**6,195**
To the legal reserve	4,162	6,195
To the other reserves	0	0
Result to be carried forward	**108,148**	**161,119**
Profit to be carried forward	108,148	161,119
Profit to be distributed	**132,052**	**125,679**
Dividends	132,052	125,679

4. Capital at the end of the period

Capital at the end of the period	In thousands of €
	31-12-2015
Subscribed capital	
At the end of the previous period	1,733,319
At the end of the period	1,733,610
Capital represented by	
Registered shares	86,680,509
Dematerialised shares	0
Bearer shares	0

Structure of shareholders

Shareholders	Type	Number of voting right declared	%
Publigas	Shares without nominal value	67,376,588	77.73%
Caisse de dépôt et placement du Québec	Shares without nominal value	17,305,412	19.96%
Federal Holding and Investment Company	Shares without nominal value	1,851,852	2.14%
Members of staff and management	Shares without nominal value	146,657	0.17%

5. Income taxes

Income taxes	In thousands of €
	31-12-2015
Breakdown of heading 670/3	
Income taxes on the result of the current period	**943**
Taxes and withholding taxes due or paid	600
Excess of income tax prepayments	0
Estimated additional taxes	343
Income taxes on previous periods	**6**
Additional taxes due or paid	6
Additional taxes (estimated or provided for)	0
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**84,184**
Permanent differences:	**-82,070**
Definitively taxed income	-79,456
Non-deductible expenses	182
Depreciation of financial fixed assets	0
Notional interest	-2,796
Total	**2,114**

6. Workforce

1. Headcount

A. A. Employees recorded in the personnel register

1a During the current period	Total	Men	Women
Average number of employees			
Full time	28.7	18.4	10.3
Part-time	10.9	7.1	3.8
Total in full-time equivalents (FTE)*	33.0	20.8	12.2
Numbers of hours actually worked			
Full time	45,839	30,914	14,925
Part-time	6,041	3,758	2,283
Total	51,880	34,672	17,208
Employee expenses			
Full time	4,193,254	3,260,138	933,116
Part-time	879,352	595,042	284,310
Total	5,072,606	3,855,180	1,217,426
Advantages in addition to wages	**26,226**	**19,407**	**6,819**

1b. During the previous period	Total	Men	Women
Average number of employees (FTE)	27.8	17.9	9.9
Numbers of hours actually worked	43,247	28,580	14,667
Employee expenses	4,476,823	3,402,386	1,074,437
Advantages in addition to wages	27,746	18,807	8,939

2. At the closing of the period	Full time	Part-time	Total FTE*
a. Employees recorded in the personnel register	28	12	32.8
b. By nature of the employment contract			
Contract for an indefinite period	28	12	32.8
Contract for a definite period	0	0	0.0
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	18	8	20.7
Primary education	0	0	0.0
Secondary education	1	0	1.0
Higher non-university education	3	0	3.0
University education	14	8	16.7
Women	10	4	12.1
Primary education	0	0	0.0
Secondary education	0	0	0.0
Higher non-university education	3	3	4.8
University education	7	1	7.3
d. By professional category			
Management	24	10	27.2
Employees	4	2	5.6
Employees	0	0	0.0
Other	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	Personnel placed at the enterprise's disposal
Average number of persons employed	0.8	0.0
Numbers of hours actually worked	1,599	0.0
Costs for the enterprise	61,286	0.0

2. Table of movements in personnel during the period

	Full time	Part-time	Total FTE*
Entries			
a. Employees recorded in the personnel register	7	2	8.3
b. By nature of the employment contract			
Contract for an indefinite period	6	2	7.3
Contract for a definite period	1	0	1.0
Contract for execution of a specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	5	0	5.0
b. By nature of the employment contract			
Contract for an indefinite period	4	0	4.0
Contract for a definite period	1	0	1.0
Contract for execution of a specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
c. By type			
Retirement	0	0	0.0
Early retirement	0	0	0.0
Dismissal	1	0	1.0
Other reason	4	0	4.0
Of which: the number of persons who continue to render services to the company at least half-time on a self-employed basis	0	0	0.0

**full-time equivalent*

3. Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	17	11
Numbers of actual training hours	439.00	279.00
Net costs for the enterprise	111,338.00	65,322.00
Of which gross costs directly linked to training	111,338.00	65,322.00
Of which fees paid and payments to collective funds	0.00	0.00
Of which subsidies and other financial advantages received (to deduct)	0.00	0.00
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	18	9
Numbers of actual training hours	296	131
Net costs for the enterprise	33,541	10,498
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0.0	0.0
Numbers of actual training hours	0.0	0.0
Net costs for the enterprise	0.0	0.0

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