ORES

IFRS Consolidated Financial Statements

2015 FINANCIAL REPORT

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Name and Form
ORES Assets. Association of municipalities
in a form of a limited liability cooperative company.

Registered Office
Avenue Jean Monnet 2,
1348 Louvain-la-Neuve, Belgium

Incorporation
Incorporated on December 31, 2013.

Articles of Association and Amendments
The bylaws were published in the Belgian Official
Gazette on 4 August 2015 under the number
151,2270.

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I. IFRS CONSOLIDATED FINANCIAL STATEMENTS

1.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in k€)

	Note	31/12/2015	31/12/2014 - Restated	DIFFERENCE
Turnover	01 - A	1,099,985	1,037,769	62,215
Regulated balances	01 - B	39,973	30,137	9,837
Other operating income	02	29,712	28,880	832
Operating income		1,169,670	1,096,786	72,884
Purchase of goods	03	(67,424)	(55,895)	(11,529)
Grid fees	03	(343,767)	(329,966)	(13,801)
Lane fees	03	(41,900)	(46,816)	4,916
Employee Benefits	20-21-22	(142,138)	(156,605)	14,467
Write down of trade receivables	12	(12,366)	(6,681)	(5,685)
Other operating expenses	04	(134,405)	(108,486)	(25,920)
Operating expenses		(742,001)	(704,448)	(37,553)
Operating result before depreciation and amortization		427,670	392,338	35,332
Depreciation and impairment on (in)tangible assets	09-10	(141,674)	(134,621)	(7,053)
Operating result		285,995	257,717	28,279
Financial Income	05	2,206	1,872	334
Financial Expenses	06	(58,882)	(84,045)	25,163
Financial result		(56,676)	(82,172)	25,497
Share of the result of associates	26	0	0	0
Result before taxes		229,319	175,544	53,775
Taxes	24-A	(80,204)	(5,837)	(74,366)
Result for the period of the continued activities		149,116	169,707	(20,591)
Result for the period		149,116	169,707	(20,591)
Result of the period attributable to owners of the company		149,116	169,707	(20,591)
Result of the period attributable to non-controlling interests		0	0	0

1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Amounts in k€)

	Note	31/12/2015	31/12/2014 - Restated	DIFFERENCE
Result for the period		149,116	169,707	(20,591)
OTHER COMPREHENSIVE INCOME				
Recyclable in the profit and loss account		9,013	(281,035)	290,048
Change in fair value of cash flow hedges	17-18-27-28	13,654	1,872	11,783
Taxes on items that are or may be reclassified to profit and loss account	24-B	(4,641)	(282,907)	278,266
Non-recyclable in the profit and loss account		(56,416)	(22,667)	(33,749)
Actuarial gains and losses on defined benefit plans	22	(85,466)	(29,040)	(56,426)
Taxes on items that will not be reclassified to profit and loss account	24-B	29,050	6,373	22,677
Other comprehensive income of the continued activities - Net		(47,403)	(303,702)	256,299
OTHER COMPREHENSIVE INCOME - NET		(47,403)	(303,702)	256,299
Other comprehensive income attributable to owners of the company		(47,403)	(303,702)	256,299
Other comprehensive income attributable to non-controlling interests		0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD		101,713	(133,995)	235,708

1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in k€)

ASSETS	Note	31/12/2015	31/12/2014 - Restated	DIFFERENCE
Non-current assets		3,634,855	3,492,630	142,225
Goodwill	08	8,955	8,955	0
Intangible assets	09	31,335	21,408	9,927
Property, plant and equipment	10	3,589,017	3,457,169	131,848
Investments in associates	26	3	989	(986)
Other non-current assets	11	5,545	4,109	1,436
Current assets		380,543	395,088	(14,545)
Inventories	13	29,242	24,089	5,154
Trade receivables	12	170,588	168,881	1,707
Other receivables	12	45,882	49,215	(3,333)
Current tax assets	12	2,617	11,110	(8,493)
Cash and cash equivalents	14	108,910	128,001	(19,091)
Other current assets		12,128	13,793	(1,665)
Assets classified as helf for sale	32	11,176	0	11,176
Total assets excluding regulatory assets		4,015,398	3,887,718	127,680
Regulatory assets	01 - B	175,323	149,221	26,102
TOTAL ASSETS		4,190,721	4,036,939	153,782

(Amounts in k€)

LIABILITIES	Note	31/12/2015	31/12/2014 - Restated	DIFFERENCE
Equity		1,432,266	1,384,787	47,480
Share capital		793,170	787,320	5,850
Retained earnings		735,935	684,653	51,282
Other reserves		(96,869)	(87,217)	(9,653)
Non-controlling interests		31	31	0
Non-current liabilities		2,327,026	2,203,822	123,204
Borrowings	16	1,818,019	1,723,737	94,282
Provisions for employee benefits	20	178,197	147,139	31,058
Other provisions	19	26,109	15,792	10,317
Deferred tax liabilities	24-B	277,671	276,708	963
Other non-current liabilities	18-28	27,029	40,446	(13,416)
Current liabilities		393,236	398,207	(4,971)
Borrowings	16	173,670	185,340	(11,670)
Trade payables	18	152,403	144,204	8,199
Other payables	18	51,085	61,900	(10,815)
Current tax liabilities	24-A	492	111	381
Other current liabilities	18	6,768	6,652	116
Liabilities directly associated with assets classified as held for sale	32	8,818	0	8,818
Total liabilities excluding regulatory liabilities		4,152,528	3,986,815	165,713
Regulatory liabilities	01 - B	38,193	50,124	(11,931)
TOTAL LIABILITIES		4,190,721	4,036,939	153,782

1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in k€)

	SHARE CAPITAL	RESERVES				RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		CASH FLOW HEDGES	ACTUARIAL GAINS AND LOSSES ON DEFINED BENEFIT PLANS	STATUTORY RESERVES	TOTAL			
AT 1 JANUARY 2015	787,320	(28,927)	(12,376)	(45,913)	(87,217)	684,653	31	1,384,787
Comprehensive income for the period								
Profit and loss						149,116		149,116
Other comprehensive income, net of income tax		9,013	(56,416)		(47,403)			(47,403)
Transactions with shareholders								
Dividends relating to the previous year						(60,083)		(60,083)
Capital increase through creation of A shares	25,260							25,260
Capital decrease through conversion of R shares into A shares	(8,693)							(8,693)
Capital decrease through repayment of R shares	(10,717)							(10,717)
Transfers								
Transfers from or to statutory reserves				37,750	37,750	(37,750)		0
AT 31 DECEMBER 2015	793,170	(19,914)	(68,792)	(8,163)	(96,869)	735,935	31	1,432,266

(Amounts in k€)

	SHARE CAPITAL	RESERVES				RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		CASH FLOW HEDGES	ACTUARIAL GAINS AND LOSSES ON DEFINED BENEFIT PLANS	STATUTORY RESERVES	TOTAL			
AT 1 JANUARY 2014	771,370	(45,694)	10,291	231,513	196,110	614,147	31	1,581,657
Comprehensive income for the period								
Profit and loss						169,707		169,707
Other comprehensive income, net of income tax		16,767	(22,667)	(297,802)	(303,702)			(303,702)
Transactions with shareholders								
Dividends relating to the previous year						(78,825)		(78,825)
Capital increase through creation of A shares	42,227							42,227
Capital decrease through conversion of R shares into A shares	(26,277)							(26,277)
Transfers								
Transfers from or to statutory reserves				20,375	20,375	(20,375)		0
At 31 December 2014 - Restated	787,320	(28,927)	(12,376)	(45,913)	(87,217)	684,653	31	1,384,787

1.5. CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in k€)

	Note	31/12/2015	31/12/2014 - Restated	31/12/2014
OPERATING CASH FLOW				
Comprehensive income for the period		149,116	169,707	162,615
Adjustments for the following elements :				
Depreciation and impairment on (in)tangible assets	09-10	141,674	134,621	134,621
Changes in provisions	19-20	(35,146)	(43,727)	(43,727)
Gains or losses on sales of (in)tangible assets	09-10	(1,957)	(256)	(256)
Write down of trade receivables	12	13,114	7,446	18,189
Financial income	05	(2,206)	(1,872)	(1,872)
Financial charges	06	58,882	84,045	84,045
Income tax expenses recognised in profit or loss	24	80,204	5,837	2,186
Regulatory Balances	01B	(46,769)	(30,137)	(30,137)
Share in the result of associates	26	0	0	0
Operating cash flow before change in working capital		356,912	325,664	325,664
Change in working capital				
Change in inventories	13	(5,154)	(3,645)	(3,645)
Change in trade and other receivables	12	(12,326)	18,761	18,761
Change in trade and other payables	17	11,568	(2,178)	(2,178)
Operating cash flow		350,999	338,603	338,603
Paid interest	06	(61,806)	(65,830)	(65,830)
Received interest	05	2,323	1,575	1,575
Paid taxes		(51,121)	(6,758)	(6,758)
Regulatory Balances recovered	01B	6,796	0	0
Net operating cash flow		247,190	267,590	267,590
INVESTING CASH FLOW				
Acquisition of intangible assets	09-10	(15,642)	(7,888)	(7,888)
Sale of intangible assets	09-10	0	0	0
Acquisition of tangible assets	09-10	(279,175)	(253,139)	(253,139)
Sale of tangible assets	09-10	6,188	286	286
Other investing cash flows	26	0	0	0
Net investing cash flow		(288,628)	(260,741)	(260,741)
FINANCING CASH FLOW				
Change in capital	15	5,850	15,950	15,950
Borrowings issuance	16	252,743	79,347	79,347
Borrowings repayment	16	(176,214)	(109,045)	(109,045)
Issuance and repayment of long term receivables	11	(1,300)	(1,361)	(1,361)
Paid dividends	15	(58,732)	(73,193)	(73,193)
Grants related to assets		0	42	42
Net financing cash flow		22,348	(88,260)	(88,260)
CHANGE IN CASH AND CASH EQUIVALENTS OF THE CONTINUED ACTIVITIES		(19,091)	(81,411)	(81,411)
CASH AND CASH EQUIVALENTS BEGIN OF PERIOD		128,001	209,412	209,412
CASH AND CASH EQUIVALENTS END OF PERIOD		108,910	128,001	128,001

II. Notes to the consolidated financial statements

PRELIMINARY NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTING ENTITY AND GROUP ORES

The ORES Group (the "Group") consists, on the one hand, of ORES Assets scrl, established from the merger of the eight Walloon associations of municipalities with external partner ("intercommunales mixtes", thereafter referred to as "DSO" or "ORES Assets") active in electricity and gas distribution, dated 31 December 2013 with a retroactive effect as from 1 January 2013, and, on the other hand, of the limited liability cooperative company ORES scrl ("ORES scrl") whose shares are almost entirely held by the DSO (99.68%); the left part (0.32%) is held by seven financing associations of municipalities ("intercommunales pures de financement") and the RESA Group.

ORES scrl has invested in two companies: Atrias, held at 16.67%, and Index'is, held at 30%. ORES scrl has a significant influence over these two companies which are consequently consolidated using the equity method. In 2015, Index'is has been reclassified as an 'Asset held for sale' after that its Board of Directors decided to merge Index'is into Eandis on 1st January 2016.

The DSO is an association of municipalities with external partner ("intercommunales mixtes"): it is held at 75% by Walloon municipalities and financing associations of municipalities, on the territory where they operate, and at 25% by Electrabel SA.

The Group is thus exclusively active in Wallonia, Belgium, on the territory of the municipalities that are the shareholders of the DSO. The address of the Group is the headquarters of ORES Assets, located Avenue Jean Monnet 2, 1348 Louvain-la-Neuve (Belgium).

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of directors of ORES Assets approved the Group consolidated financial statements and authorised their publication on 27 April 2016.

SIGNIFICANT EVENTS FOR THE YEAR 2015

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

On 12th March 2015, the Board of Directors of Index'is decided to merge Index'is into Eandis CVBA with effect from 1st January 2016. It is expected that trough this transaction, Index'is will be dissolved without liquidation and that all of its assets will be transferred to Eandis. The method used to determine the exchange ratio is based on the net assets of the two companies at year-end 2014.

The extraordinary general meeting of Index'is which took place on 22 December 2015, approved the merger of the company Index'is by Eandis with an accounting effect as from 1st January 2016. The extraordinary general meeting also approved the dissolution without liquidation of Index'is as of 31 December 2015 midnight (see Note 32 of the IFRS financial statements).

SHAREHOLDERS

Since 1st July 2014, the regulators are the Walloon Energy Commission ('Commission Wallonne pour l'Energie' here after the "CWaPE") in the Walloon Region and the Flemish Regulator of the Electric and Gas markets ('Vlaamse Regulator van de Elektriciteits-en Gasmarkt' here after the "VREG") in the Flemish Region. However, the tariff methodologies defined by the regional regulators are fundamentally different and regional distribution system operators are obliged to prepare distinct financial statements and tariffs for each Regions.

As a consequence, operators, network operators and municipalities reflected together and everybody considered as relevant a territorial rationalization on a regional basis of the inter-municipalities for energy distribution (previously bi- regional).

The first transfer concerns the municipality of Fourons. Indeed, the municipality of Fourons and the DSO's rapidly agreed the transfer from Ores Assets to INTER-ENERGA and INFRAX LIMBURG via a partial demerger (excluding the other municipalities associated to ORES Assets). This demerger-absorption operation was completed in December 2015 and the effective transfer of the territory of Fourons occurred on 1st January 2016 (see Note 32 of the IFRS financial statements).

DIVIDENDS

On 25th June 2015, the shareholders of ORES Assets approved the payment of a total gross dividend of € 60.1 million at the Annual General Meeting.

CORPORATION TAX

As stated in our annual report IFRS 2014, the vote of the law by the Federal Parliament on 19 December 2014 and published in the Belgian Official Gazette on 29 December 2014 results in ORES Assets being subject to corporate income tax as from the fiscal year 2016 (2015 Income).

Consequently, the Group recorded a tax provision for the year 2015 for an amount of € 53.3 million as well as a deferred tax expense of € 25.4 million (see the note 24A of the consolidated IFRS financial statements).

REGULATORY EVOLUTION 2015

As stated in the Annual Report IFRS 2014, the CWaPE since 1st July 2014 fully has new missions to determine the balances and modify the tariff methodology or the existing tariffs and take all appropriate transitional measures for the adoption of tariff methodologies for the next tariff period.

For the years 2015 and 2016, the CWaPE wanted to create a 'transitional period' during which the tariff methodologies developed are largely inspired by the tariff methodologies from the Tariffs Decrees which were the basis for tariff approval of the 2009-2012 regulatory period (extended by the CREG until year-end 2014). For details on the new tariff methodology, we refer to the accounting methods to the point 3.A.15.

FINANCING POLICY

As stated in the Annual Report 2014 IFRS, at the beginning of 2015, two significant financial transactions were concluded by the ORES Group. Indeed, two new bonds (with a private investment form) have been issued on 26 January 2015 and on 3 February 2015 for a value of € 100 million each in order to ensure part of the financial needs for the year 2015.

The cash management policy was also reviewed during the first semester. This revision has been materialized by the end of the outsourcing of investment management by Candriam and its takeover by ORES scrl. Principles to be applied in the context of this policy were also specified, namely:

- Investments will include a limited risk.
- Investments will be liquid to be quickly mobilized if necessary.

RISKS AND UNCERTAINTIES

Description of the measures taken to face up to the risks and uncertainties to which the ORES Group is exposed

The following paragraphs describe the measures taken to address known risks and uncertainties that the ORES Group is facing. Some unidentified risks in this list may exist or as other risks might exist or gain importance in the future however they appear limited currently. Note also that the order of appearance below is not representative of importance.

REGULATORY AND INSTITUTIONAL RISKS

A regulatory framework defines ORES activities. Any change made by the legislator or the regulator might affect ORES. Since 1 July 2014, the tariff jurisdiction for the electricity and gas distribution has been regionalised and CWaPE is now the only competent regulator for this activity in the Walloon region. This strengthens the coherence between policies and the financing through tariffs. A tariff methodology and new rates were approved by the regulator for the years 2015 and 2016 in continuity with the framework for distribution system operators (DSOs) since 2009. For 2017, CWaPE has maintained continuity with the 2015-2016 transitional regulatory period by approving a methodology based on the same principles. ORES should ensure the operational efficiency and the cost control in order to be within the budgets approved by the regulator while taking into account the new resources requirements related to the essential revision of its networks in face of the energy sector transition.

The competency to decide on regulatory balances has also been entrusted by Decree to the CWaPE. The 2015-2016 and 2017 tariff methodologies endorse a repercussion of a percentage of regulatory balances through the tariffs (10% of the 2008-2013 accumulated regulatory balances recovered during 2015-2016 and 20% of the 2008-2014 accumulated regulatory balances recovered in 2017).

CWaPE plans to change the tariff methodology applicable for the regulatory period 2018-2022. ORES is part of this commitment, namely to allow the adaption of the tariff structure to the constraints and the cost structure of the DSO, to ensure sustainability of the activities of the DSO. Although the modification of the tariff methodology could affect the profitability of ORES, the obligation for regulators and legislators to take into account the European directives "Third Energy Package" limits this risk.

Furthermore, the Walloon Government adopts at the beginning of each term regional policy statement including a chapter on energy, which sets out the framework of energy policy. ORES takes a proactive attitude towards amendments, as with all other legal and regulatory changes that may affect its business. This is part of its commitment to act as market(s) facilitator and position itself as the legitimate and recognized partner, the partner of public authorities in energy policy.

OPERATIONAL RISKS

RISKS RELATED TO THE DEGRADATION OF NETWORKS

ORES manages the electricity and natural gas distribution networks in order to ensure their reliability and continuity of their energy supply to customers. However, natural phenomena and intentional or unintentional damage by third parties may lead to incidents and damage to these networks. Insurance policies aim to cover the financial consequences of these events.

TECHNOLOGICAL RISKS

The rapid evolution in the number of decentralised electricity production units creates uncertainty about the specifics to be answered by the future distribution networks. One of the technological challenges ORES faces is the integration of "intelligence" into the networks, given the large information to convey, aiming to a technical redefinition of networks and the related telecommunication strategy. Smart meters, smart grids, active client participation, not only consumer but also producer, portfolio steering, are all hot topics that ORES takes into account by testing different concepts through projects and pilot experiences. These prototypes are used to assess the technological performance of assets, yesterday only accessories for the main activities and tomorrow at the heart of the DSO activities.

BLACK-OUT AND SHORTAGE RISKS

The intermittent and unpredictable nature of this growing renewable energy production also contributes to modify the historical balance of the electricity system. The growth of the electricity generation, from renewable energy challenges the conventional production and can lead to significant variations in electricity flows both on transport and distribution networks. This increases the risk of perturbations with, ultimately, a possible blackout (a total collapse of the network). Another risk linked to the unavailability of certain "traditional" plants is the shortage, meaning a lack of predictable capacity related to an imbalance between production and consumption.

To ensure or restore this balance, the federal authorities and the operator of the transmission system operator (TSO) Elia have established a series of actions and measures on which ORES also contributed. The company evaluated the impact of an "emergency load-shedding" decided by the authorities on the electricity supply of priority customers by those same authorities. ORES also introduced information tools for customers that would be affected by the rolling black-out, introduced crisis management exercises and updated ad hoc procedures.

DATA QUALITY RISKS

Data control is a key challenge to meet the regulatory obligations, ensure effective internal control, meet the expectations of our stakeholders and take strategic decisions to face the challenges ahead for the development of our business. Projects and programs are in place in that field since 2013 in order to reinforce the quality of data.

POWER MARKET MODEL

The model of the Belgian energy market is experiencing significant changes, particularly due to the increase in decentralized production, management flexibility or private networks. These changes will potentially have an impact on the respective roles of TSOs, DSOs, balancing responsible, producers and suppliers, which were traditionally well defined. ORES is very attentive to this development and wishes in this context to reaffirm the role of market(s) facilitator recognised as being the DSO since the liberalisation of the electricity and gas markets. In this context, ORES participates in studies to define the interactions between market players, their roles and related responsibilities.

ENVIRONMENTAL RISKS

The implementation of the Decree of 5 December 2008 on soil management could justify certain expenses linked to the restructuring of some polluted sites. In this context, ORES takes appropriate measures to prevent soil pollution and to inform about the existence of pollution. Adequate provisions are made.

SAFETY AND WELFARE RISKS

Whatever the activity of the company, the Group considers that it is crucial for its employees to constantly bear in mind the prevention requirements as well as the requirements in terms of health and safety to reduce the risk of accident on the workplace. In this context, the company implemented an action plan that is reviewed annually.

RISK OF LEGAL DISPUTES

The risk of legal disputes is inherent to ORES activities. When appropriate, adequate provisions have been made or will be made to cover this risk.

IT AND TELECOMMUNICATION RISKS

Generally, alteration or loss of databases, IT systems failure, propagation of viruses or hacking, failure in the telecommunication network,… could hinder the customer service and prevent the smooth running of the company. ORES takes the necessary measures to protect its systems and data, as well as their communication to avoid intrusion in its activities management.

FINANCIAL RISKS

CREDIT RISKS

ORES scrl established a treasury bills program at the beginning of 2011 with the guarantee of ORES Assets scrl. Since 2012, the program enables to issue treasury bills having a duration comprised between five and eight years. In 2012, a guarantee was granted by ORES Assets scrl to ORES scrl, the latter being responsible for meeting the financing needs. The amounts collected via the bond issues in 2012, 2014 and 2015 as well as the emission of private investments enable to cover the financing needs of ORES Group. Two short-term credit lines were granted to ORES scrl for a total amount of 100 M€ and are available until end 2017. ORES follows a financing policy using diversified sources of funding on the capital market.

INTEREST RATE RISK

A change in interest rates has an impact on financial expenses. To reduce this risk as much as possible, ORES has a funding policy that seeks to achieve an optimal balance between fixed and floating interest rates.

In addition, hedging instruments are used to hedge uncertain positions. The funding policy takes into account the difference in duration of the loans and the useful life of the assets.

In order to control the interest rate risk, ORES uses derivative financial instruments such as interest rate swaps (short-term rates to long-term rates), as well as interest rate caps. Debt management and market data are followed carefully. No derivatives are used for speculative purposes.

TAX RISK

As from fiscal year 2016 (income 2015), ORES Assets is no longer subject to corporate tax but to income tax, as this was already the case for ORES scrl. Since the tariff methodology requires all tax expenses to be included in the tariffs, the impact is limited for ORES.

ASSETS AND LIQUIDITY RISKS

In this context, ORES has the possibility to ask counterparties to provide a bank guarantee for the invoicing of fees for using the network, and strengthen the specific measures for the collection of receivables related to works conducted in the context of the network operations via tendering procedures targeted to factoring companies.

ORES benefits from a short-term financing capacity via its treasury bills program and the credit lines discussed above; we can consider that the liquidity risk is almost nil for ORES.

Treasury management can limit market, assets and liquidity risks. The governing bodies have implemented a prudent investment policy, based on diversification and limited use of risky (in terms of credit and interest rate) products.

Finally, the tariff methodology provides that all costs related to the funding policy are covered by the regulatory budget.

MACROECONOMIC AND CYCLICAL RISKS

The current economic crisis could affect the demand for electricity and natural gas. This potential decrease in volume is normally not supported by ORES. The tariff methodology provides that subsequent losses would be included as part of the regulatory balances and normally reflected in the tariffs for the next regulatory period.

REPUTATION

Generally, certain circumstances might have a negative impact on ORES reputation. The Company carefully tries to avoid the proliferation of popular misconceptions by explaining the costs control on the distribution or the different components of the invoice.

MISCELLANEOUS

The natural gas campaign pilot project launched in 2014 in the Province of Luxembourg, with the objective to increase the number of connections to the network of connected and non-connectable residential customers has delivered positive results. The project has been extended to the entire territory of ORES Assets and has been launched in September of the same year.

An operational strategy department has been created in order to address challenges (amongst others the energy transition). This department has been set up in order to have a better control on major projects, while a "Business Development" department has also been created to analyse the cases similar but different of our businesses.

It was also during the first semester of 2015 that the provisions amending the Decree of 19 December 2002 related to the Walloon gas market organization have been approved and published. The strengthening of the social public service obligations, the review of the status and the rights of the system operators (new perspectives concerning the form of the DSO and the exercise of commercial activities by the DSO), detail and transposition of the concepts of private networks, the direct lines and closed distribution networks are amongst the major changes brought to the gas decree.

The first semester of 2015 has been closed on 25 June 2015 with the annual general meeting of ORES scrl which modified its bylaws to align them to the one of ORES Assets and thereby be able to fully exercise operational and daily management of the Group.

All figures present in the following tables are in thousands of euros.

RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS CLOSED ON 31 DECEMBER 2014

In respect to IAS 8 - Changes in accounting policies, the financial statements of 31 December 2014 have been restated to reflect on one hand, a change in accounting policy applied retrospectively to the impairment on trade receivables and on the other hand, in order to adapt these financial statements of 2014 as Ores Assets is now subject to the corporate income tax.

1) In 2015, a new method to compute the impairment on trade receivables was established within the Group ORES. This was the consequence of a tax ruling accepted by the tax ruling service ("Service des Décisions Anticipées - SDA") for a period of 3 years. The new method aims to apply an impairment on the receivables at each due date stage taking into account the recoverability of the receivables guaranteed by a factoring company (which is estimated at 55%). However, no impairment is recorded on the "damage networks" receivables not aged more than two years and on the outstanding receivables on municipalities.

The impact related to these trade receivables on the financial statements closed at 31 December 2014 has generated a reversal of impairment of € 10.7 million as well as the recognition of a deferred tax expense of € 3.7 million. Therefore, the net impact on the restated equity at year-end 2014 is € 7 million. Here below, we identified the quantitative impact of this change of method on 2014 both on the consolidated statement of financial position than on the consolidated income statement. The impact on the cash flows is identified in the note related to the cash flow statement, at the chapter 1.5 of the consolidated financial statements.

2) The second adjustment on the financial statements of 31 December 2014 is the change of the tax status of ORES Assets as from 1st January 2015 as it is now subject to the corporate income tax. A detailed analyse of the legislation has been performed by the Group and certain topics have been clarified.

Based on this study, the Group corrected the accounting treatment of the deferred taxes recorded at year-end 2014.

This correction decreased the result and the equity of the previous period by € 92 million. The accounting treatment of this adjustment had no impact either on the consolidated income statement or on the consolidated cash flows statement.

We identified here below the quantified impact of this correction on the year 2014 (both on the consolidated statement of financial position and on the consolidated income statement). These two adjustments reduce the equity at year-end 2014 for an amount of € 85.4 million but increase the 2014 current profit of the year for an amount of €7 million.

(Amounts in k€)

	31/12/14 AS PUBLISHED	ADJUSTMENT	31/12/14 RESTATED
1. ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Trade receivables	158,137	10,743	168,881
TOTAL ASSET	4,026,196	10,743	4,036,939
Deferred tax liabilities	180,582	96,126	276,708
Retained earnings	677,561	7,092	684,653
Other reserves	5,258	(92,475)	(87,217)
TOTAL LIABILITIES	4,026,196	10,743	4,036,939
2. ON CONSOLIDATED INCOME STATEMENT			
Write down of trade receivables	(17,424)	10,742	(6,682)
Operating result before depreciation and amortization	381,595	10,742	392,337
Operating result	246,973	10,742	257,717
Result before taxes	164,801	10,742	175,543
Taxes	(2,186)	(3,651)	(5,837)
Result for the period	162,615	7,091	169,707
Result of the period attributable to owners of the company	162,615	7,091	169,707
Result of the period attributable to non-controlling interests	0	0	0
3. ON OTHER COMPREHENSIVE INCOME			
Taxes on items that are or may be reclassified to profit and loss account	(190,432)	(92,475)	(282,907)
Other comprehensive income of the continued activities - Net	(211,227)	(92,475)	(303,702)
Other comprehensive income - Net	(48,612)	(85,383)	(133,995)
4. ON THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
Retained earnings	677,561	7,091	684,653
Other reserves	5,258	(92,475)	(87,217)
	682,819	(85,384)	597,436
TOTAL EQUITY	1,470,170	(85,384)	1,384,787

NOTE 01 A - TURNOVER

(Amounts in k€)

ELECTRICITY	31/12/2015	31/12/2014
Transit fees	827,077	793,956
Public service obligation (OSP)	13,806	8,943
Transfer of assets from customers	45,943	47,126
Other	1,239	1,248
	888,063	851,273
GAS		
Transit fees	172,165	147,663
Public service obligation	5,675	4,995
Transfer of assets from customers	4,916	3,836
	182,756	156,494
NOT ALLOCATED		
Third party inventory management	4,796	4,596
Construction contracts	4,912	6,333
Third party network management	19,458	19,073
	29,166	30,002
TOTAL TURNOVER	**1,099,985**	**1,037,769**

TRANSIT FEES

The Group's turnover is mainly composed of income and expenses related to the transit fees from the electricity and gas distribution network. The Group provides on behalf of the energy suppliers the electricity and gas distribution directly to the houses and companies that are connected to the network. Concerning the electricity, the transit fee also includes a fee for the transport network for which Elia as electricity transmission operator ("TSO") is the sole manager. The fee is invoiced by Elia to the Group and is recorded as a cost of sales (cascade principle - See also note 03).

Income and expenses related to transit fees are recognised based on the tariffs applicable for the year as soon as the electricity or gas has been supplied and transported to consumers that are connected to the network during the related period. The amounts recognised as income are based on meter readings and estimates for the part of the network that has not been metered. These estimates are adjusted at year-end with the unmetered transit fee (RTNR) which is calculated based on the total actual volume that has transited on the network.

The regulatory environment in which the Group operates is described in the accounting policies in 3.A.15.

Concerning the year 2015, the tariff proposals applicable throughout the municipalities in the Walloon Region where ORES Assets operates have been submitted to the regional regulator ("CWaPE") on 8 September 2014. They have been approved by the CWaPE on 5 February 2015 and are applicable from 1st March 2015.

Since then, ORES Assets tabled three proposals to modify the periodical tariffs in order to take into account the new higher costs of TSO (the CWaPE validated those proposals on 26 February 2015), the submission of ORES Assets to the corporate income tax (the CWaPE validated those proposals on 21 May 2015) and the new tariffs 2016-2019 of the TSO (the "CWaPE" validated this proposal on 14 January 2016). Those proposals, approved by the regional regulator are applicable since 1st March 2015 concerning the higher costs of TSO, since 1st June 2015 concerning the corporate income tax, and since 1st February 2016 concerning the new tariffs 2016-2019 of the TSO. A more detailed information of the new tariff methodology is described in the accounting policies in 3.A.15.

The increase in transit fees for electricity by € 33.1 million relates, on one hand, to the increase in volumes in 2015 compared to 2014 (+1.97%) and on the other hand, to the invoiced average price of the kwh higher by 4.30% (due amongst others by the corporate income tax and by the new higher transport costs).

This increase is mainly related to the low-voltage network (+8%) due to a cold 2015 year but also due to a growing part of renewable energy produced and used by the consumer himself.

The increase in transit fees for gas by € 24.5 million is mainly explained by the increase in quantities invoiced (+5%) due to a harsher winter in 2014-2015 compared to 2013-2014 (+15.5% of degree-days* - source Synergrid).

[1] *Degree-days provide a picture of the average profile of the heating needs of a house in Belgium. For a given day, the degree-days used by the natural gas sector in Belgium are equal to the difference between 16,5°C and the average temperature as measured by the IRM located in Uccle.*

PUBLIC SERVICE OBLIGATIONS ("OSP")

The Walloon Government imposes to the DSO public service obligations ("OSP") that are clearly defined, transparent, non-discriminatory and which are subject to review by the CWaPE, including:

- To ensure energy supply to protected customers at the social tariff. The difference between the social tariff and the market price is partially recovered by the DSO from the regulator (funds managed by the latter) and partially through the tariffs depending on the type of protected customer, which ensures neutrality in the income statement;

- to ensure the installation of a budget meter at the request of the client or in the frame of a procedure of payment default of the end customer towards its energy supplier;

- to ensure on a temporary basis the supply of end customers who find themselves temporarily without a supply contract or for whom the contract has been suspended (customers are called 'supplier X'). The corresponding energy purchases are recognised in cost of sales (see Note 03).

- Single counter: in order to simplify the administrative procedures, the DSO is the single point of contact for electricity producers with a solar photovoltaic installation of a net power of 10 kVa at most, wishing to connect to the network and benefit from the system of green certificates.

- to ensure the maintenance of public lighting which is the property of the municipalities.

Costs relating thereto are recorded in "other operating expenses" (note 04) or in "employee benefits" (note 20).

Income and expenses related to the sale of energy in the context of public service obligations (including protected customers) are recognised when electricity or gas has been supplied and transported to consumers connected to the network during the corresponding period. The amounts recognised as revenue are based on meter readings and estimates for the part of the network that has not been metered. These estimates are adjusted at year-end with the unmetered energy supply (ENR) which is calculated based on the total actual volume that has transited on the network.

Revenue in 2015 linked to public service obligations for both gas and electricity follows the same upward trend (€ +6 million) as transit fees and is explained by the same reason which is an increase in volumes sold to customers in 2015 compared to 2014. We note the same trend in the purchases of energy (€ +5 million in 2015) (see note 03).

TRANSFER OF ASSETS FROM CUSTOMERS

Transfer of assets from customers related to the construction of connections or extensions to the network are usually recognised when the service of the extension or the connection has been delivered.

The progression is stable in 2015, despite the increase in acquisitions mainly due to significant acquisitions related to the DSO's own network (network of optical fibers, new building in Leuze,…). The movement identified in the transfer of assets from customers mainly comes from a cyclical element, namely the evolution of the volume of work involved.

THIRD PARTY INVENTORY MANAGEMENT

The Group has entered into a service contract providing inventory management (logistics) on behalf of a third party, to which it also sells merchandise. This contract defines a remuneration based on used square meters.

CONSTRUCTION CONTRACTS

The turnover of the Group also includes revenue from construction contracts for various projects such as the expansion work performed on public lightings. As the finalization of the construction contract can be estimated reliably, revenues and expenses related to this contract are recognised in the income statement according to the percentage of completion method.

THIRD PARTY NETWORK MANAGEMENT

Following the partial demerger of "Intermosane", the distribution network of the city center of Liege is still managed by ORES scrl but on behalf of RESA (Nethys) until 31 December 2016.

NOTE 01 B - REGULATORY BALANCES

(Amounts in k€)

STATEMENT OF FINANCIAL POSITION	31/12/2015	31/12/2014
Regulatory assets		
Tariff period 2008-2015	175,323	149,221
Regulatory liabilities		
Tariff period 2008-2015	(38,193)	(50,124)
TOTAL REGULATORY BALANCES	**137,130**	**99,097**

STATEMENT OF COMPREHENSIVE INCOME		
ELECTRICITY		
Tariff period 2008-2015	36,949	7,118
Prepayment 2015 recovered	(3,682)	
	33,267	7,118
Gas		
Tariff period 2008-2015	7,880	23,019
Prepayment 2015 recovered	(3,114)	
	4,766	23,019
TOTAL REGULATORY BALANCES	**38,033**	**30,137**

A detailed information of the new tariff methodology and of the regulatory environment in which the Group operates is described in the accounting policies (3.A.15).

Currently, there is no specific IFRS dealing with the accounting treatment of regulatory balances in a regulated environment. Discussions are in progress within the IASB concerning the publication of a new standard on rate-regulated activities that would clarify the proper accounting treatment of such activities. In this context, a transitional standard was published in January 2014 (IFRS 14 Regulatory Deferral Accounts) but applies only to IFRS first-time adopters. It explicitly allows the recognition of regulated assets and liabilities within the statement of financial position and these assets and liabilities should be presented in a separate caption, distinctly from the other assets or liabilities.

The Group has made the assumption that these balances would be recovered in the future and are therefore recognised as an asset or a liability.

Regulatory balances at the end of 2015 result in a regulatory asset for an amount of € 137.1 million (compared to € 99.1 million in 2014). This mainly results from the differences observed during this regulatory period between the actual cost supported and the initial budget assumptions.

Note that in 2015, an advance corresponding to 10% of the netting between the regulatory assets and liabilities cumulated as of year-end 2013 has been recovered through the distribution tariffs as defined in the new tariff methodology of the CWaPE which has been adopted in 2015 (we refer to section 3.A.15 in the accounting policies). Thanks to that, a slight portion of the regulatory balances as of year-end 2013 has been recovered for an amount of € 6.8 million (€ 3.7 million in electricity and € 3.1 million in gas).

At year-end 2015, the regulatory balances (advance excluded) increase thus by € 44.8 million (€ 36.9 million related to the electricity and € 7.9 million related to the gas).

NOTE 02 - OTHER OPERATING INCOME

(Amounts in k€)

	31/12/2015	31/12/2014
Recovery of fraudulent consumption	3,176	4,736
Recovery from clients	9,354	9,840
Network damages	3,380	3,899
Rentals / Supplies	4,235	4,265
Other recovery of expenses	9,567	6,140
	29,712	28,880

«Other recovery of expenses» mainly relates to recoveries other than those related to customers from distribution system operators, such as:

- Trainings paid by our subcontractors to obtain a work permit on our networks;
- The reinvoicing of costs related to joint projects conducted with our counterparts from Brussels or Flanders;
- Fees paid by other companies in the sector for administrative management.

NOTE 03 - COST OF SALES

(Amounts in k€)

	31/12/2015	31/12/2014
Goods and supplies		
Energy purchases (OSP - gas and electricity)	24,568	16,252
Network losses (electricity)	37,246	34,128
Goods	5,610	5,515
	67,424	55,895
Grid fees (electricity)	343,767	329,966
Road charges	41,900	46,816
	453,091	432,677

GOODS AND SUPPLIES

Goods and supplies mainly relate to the purchase of energy losses from the electricity sector. Indeed, following the decree of the Walloon Government dated 16/10/2003, the DSO compensates the energy losses in the distribution network by purchasing suitable energy subject to public market rules (competitive tendering procedure (bid or tender call)). They increase by € 3.1 million mainly due to the increase of the quantities purchased in 2015 compared to 2014 (+9.5%).

The energy purchases are related to some specific customers (protected customers) in the context of public service obligations. The increase of € 8.3 million in energy purchases is related to the increase in revenue linked to public service obligations (see note 01 A). The increase is primarily due to higher prices and an increase in volumes due to colder weather conditions in 2015 compared to 2014.

Another reason explaining this increase is relating to the reconciliation balance of allocated consumption volumes (lower in 2015 than 2014) compared to actual consumption volumes.

GRID FEES

The electricity transport system operator monthly invoices the DSO the fee for using its network. The DSO reinvoices that fee to the energy suppliers (cascade principle). This applies only to the electricity sector as the gas transport fee is charged directly by the transport system operator to the energy suppliers.

Although the volumes transported increased by 0.58%, the grid fees invoiced by Elia have increased by almost € 13.8 million. This is due to an increase in the transport costs per MWH (Elia tariff) of 2.58% which is nearly fully attributable to the overhead and federal contributions included a new overhead (the "strategic reserve") required at year-end 2014 by the Government to Elia to prevent any risk of shortage during the winter.

ROAD CHARGES

DSO is required to calculate yearly road charges related to electricity distribution (fully repaid to the municipalities) or gas distribution (repaid to municipalities, to provinces and to the Walloon Region).

NOTE 04 - OTHER OPERATING EXPENSES

(Amounts in k€)

	31/12/2015	31/12/2014
Network maintenance charges (1)	3,498	7,690
Third party fees	29,957	26,459
IT consultancy fees (2)	31,245	22,699
Call Center expenses	5,353	6,191
Insurance	1,847	1,592
Vehicles lease	2,313	2,275
Property & optical fiber lease	8,933	9,580
Other lease	10,001	9,827
Vehicles costs	6,148	6,978
Own furniture	7,478	8,705
Loss on the disposal of the branch (3)	393	0
Others (4)	27,240	6,490
	134,405	108,486

1. NETWORK MAINTENANCE CHARGES

The decrease of € 4.1 million is largely due to higher contributions to extension and renewal works conducted on the network, rather than the maintenance work itself. This is confirmed by the investments during the year that were higher in 2015 compared to 2014 (€ +26 million – see Note 10).

2. IT CONSULTANCY FEES

The increase in this caption (€ +8.5 million) is explained by several outstanding IT projects within the Group. The major projects are the Smart Metering and Smart Grid projects related to the "smart" meters and "smart" networks.

3. LOSS ON THE DISPOSAL OF THE BRANCH

Following the sale of the municipality called 'Fourons' on 1st January 2016, a loss of € 0.4 million has been recorded mainly on the IFRS carrying amount of the fixed assets ; the fixed assets have been valued at the carrying amount according to the Belgian Gaap (see note 32).

4. OTHERS

The increase of this caption is mainly due to significant reversals recorded in 2014 and related to provisions for litigations (€ - 7.3 million) that were settled in favour of the Group in 2014 whereas the Group set up in 2015 new significant provisions (€ + 12.8 million) in order to face some technical obligations (see also note 19 on provisions).

NOTE 05 - FINANCIAL INCOME

(Amounts in k€)

	31/12/2015	31/12/2014
Interest income	1,339	1,797
Dividends from equity investments		
Other	867	75
	2,206	1,872

In 2015, the interest income decrease by € 0.5 million due to the decrease in our term investments (€ 104.0 million compared to € 115.8 million in 2014) and also to the weak interest rates on investments.

Other income increased mainly due to late payment interests on a tax litigation we won against the Ministry of Finance (see also note 12).

NOTE 06 - FINANCIAL EXPENSES

(Amounts in k€)

	31/12/2015	31/12/2014
Interest on loans	21,427	25,928
Interests on treasury bills	6,996	6,991
Interests on bond	23,156	15,359
Other interest expense	16,248	19,541
Total interest expense	67,827	67,819
Unwinding of discounts on provisions	(8,945)	16,226
TOTAL FINANCIAL EXPENSES	58,882	84,045

TREASURY BILLS PROGRAM

The Treasury bills program was established in 2011 with the joint guarantee from the eight DSO (merged on 31 December 2013 to form ORES Assets) for a period of ten years and a maximum amount of € 250 million. Its objective was to diversify the short term funding resources.

In order to meet its current and future challenges, the Group appealed again to the capital market in 2012. Indeed, pursuing its strategy of diversification of funding sources, the Group has modified the characteristics of its treasury bills program in order to be able to issue securities for periods exceeding 12 months.

This allowed to raise an amount of € 189.7 million by the end of 2012, with a related financial charge of € 6.9 million for the year 2015 (same amount in 2014).

Note that the Group had the opportunity to emit attractive short term treasury bills for a value of € 50 million and with a maturity in March 2016.

BONDS ISSUE

ORES scrl issued a bond of € 350 million on 2 October 2012 in order to diversify its funding sources and ensure the financial needs of the company and its shareholder, ORES Assets, for the years 2012 and 2013 but also 2014 for a part. The bonds have a term of 9 years and bear an interest rate of 4%.

Ores scrl issued another bond of € 80 million on 29 July 2014 in order to ensure part of the financial needs of the Group for the years 2014 and 2015. The bonds issued have a term of 30 years at a 4% interest rate.

Two new bonds are issued on 26 January 2015 and 3 February 2015 for a value of € 100 million each in order to ensure part of the financial needs for the year 2015. These two bonds have also a term of 30 years and an interest rate of respectively 3% and 2.85% (See also note 16).

Consequently, the financial charges related to these bonds increase for an amount of € 7.7 million in 2015.

LOANS

As in 2013 and 2014, the excess of cash received from the bonds and from private investments has allowed not to renew the loans maturing in 2015; the interest expenses for the year is therefore lower than in 2014 (€ -4,5 million).

IRS (PRESENTED AS PART OF OTHER INTEREST EXPENSES)

The interest expenses on IRS used to hedge the floating rates (recognised as other interest expenses) have decreased compared to 2014 (€ -3.2 million) due to the fact that several IRS have matured in 2015 and have not been renewed as the loans related have also not been renewed (see also note 28 on derivatives).

UNWINDING OF DISCOUNTS ON PROVISIONS

This caption records the actuarial variations related to the discount on provisions (the amount increase with time as the engagement is actualized, all other things being equal) regarding jubilees and invalidity as these two advantages are considered as other long term benefits.

In contrast to 2014, we booked in 2015 an income of € 8.9 million (compared to a charge of € 16.2 million) due to a change in the assumptions of the discount rates from 1.45% to 1,96 % in 2015. This leads thus to a decrease of the provision amount and in fine to a decrease of the financial charges.

Also, the result has been positively impacted by the actuarial gain. Actuarial gains are due to a change in the assumptions used for the computation of the jubilee premium (see also note 20).

NOTE 07 –
SEGMENT INFORMATION

The Executive Committee of ORES scrl, overseen by the Board of ORES scrl and ORES Assets, is the most important chief operating decision maker of the Group. In its daily management, it reviews the annual accounts of ORES Assets and ORES scrl prepared under Belgian GAAP. Indeed, the Group operates in a regulated environment in which the financial statements of each entity of the Group, prepared in accordance with Belgian GAAP, for each type of energy (gas and electricity), have an impact on future tariffs. Therefore, the Group is organised into eight operating segments with a distinction between the electricity and gas energy, plus limited activities related to the recovery of past unpaid receivables prior to the market liberalisation (called «supply» activity)

The activity of the company ORES scrl is to manage the expenses of ORES Assets; it invoices all its expenses to ORES Assets at cost price and therefore makes no profit.

The operating segments provide identical services to customers of a similar nature in different geographical areas. The activity of each segment is similar depending on the type of energy, so that the operating segments can be grouped into two main areas, namely gas and electricity and another limited activity (supply). These segments are representative of how the Group is managed and correspond to the consolidation criteria set out in IFRS 8 - Operating Segments.

a) Income statement

(Amounts in k€)

31/12/2015	TOTAL GAS	TOTAL ELECTRICITY	OTHER ACTIVITIES (1)	ORES (2)	TOTAL CONSOLIDATED (3)
Belgian GAAP					
Turnover	181,894	881,732	0	578,640	1,642,266
Other operating income	6,280	20,348	1,127	13,978	41,732
Operating expenses	(126,316)	(763,590)	(350)	(587,944)	(1,478,201)
Operating result	61,857	138,489	777	4,674	205,797
Financial Income	60	991	29	30,334	31,413
Financial Expenses	(23,265)	(43,583)	(18)	(30,334)	(97,199)
Financial result	(23,205)	(42,592)	11	0	(65,785)
Other					0
Result before taxes	38,653	95,897	788	4,674	140,012
Taxes	(8,699)	(40,242)	(268)	(4,674)	(53,883)
RESULT FOR THE PERIOD	29,954	55,655	520	0	86,129

(Amounts in k€)

31/12/2014	TOTAL GAS	TOTAL ELECTRICITY	OTHER ACTIVITIES (1)	ORES (2)	TOTAL CONSOLIDATED (3)
Belgian GAAP					
Turnover	174,796	816,017		555,961	1,546,774
Other operating income	7,531	22,016	1,194	12,313	43,055
Operating expenses	(132,063)	(744,790)	(362)	(563,876)	(1,441,092)
Operating result	50,264	93,242	832	4,398	148,737
Financial Income	9	46	49	23,197	23,300
Financial Expenses	(22,076)	(43,937)	(28)	(23,197)	(89,237)
Financial result	(22,067)	(43,890)	20	0	(65,937)
Other				(97)	(97)
Result before taxes	28,197	49,352	853	4,301	82,703
Taxes	(942)	5	(7)	(4,301)	(5,245)
RESULT FOR THE PERIOD	27,255	49,357	846	0	77,458

** (1) Other activities like supply of goods and services to third parties*
(2) ORES SCRL is a 99.68% subsidiary of the GRDs
(3) Combined financial statements of the group without elimination of intercompany transactions

b) Statement of financial position

(Amounts in k€)

31/12/2015	TOTAL GAS	TOTAL ELECTRICITY	OTHER ACTIVITIES (1)	ORES (2)	TOTAL CONSOLIDATED (3)
Belgian GAAP					
Non-current assets	1,086,423	2,306,425	4,430	751,285	4,148,563
Property, plant and equipment	1,086,270	2,305,863	4,415	13,744	3,410,292
Other non-current assets	153	563	15	737,541	738,271
Current assets	231,345	508,474	(296,943)	262,788	705,664
Inventories		7,673		29,242	36,915
Trade receivables	132,006	322,319	(296,943)	121,685	279,067
Cash and cash equivalent				110,369	110,369
Other current assets	99,339	178,483		1,492	279,313
TOTAL ASSETS	1,317,768	2,814,899	(292,513)	1,014,073	4,854,227
Equity	515,032	1,166,494	0	486	1,682,012
Share capital	254,376	538,794		458	793,628
Retained earnings					0
Other reserves	260,657	627,700			888,356
Capital subsidy				28	28
Non-current liabilities	601,757	1,151,894	0	827,250	2,580,900
Borrowings	594,781	1,140,867		819,750	2,555,398
Provisions	6,976	11,027		7,500	25,503
Current liabilities	200,979	496,512	(292,513)	186,337	591,315
Borrowings	48,760	110,348		50,000	209,108
Trade debts	6,948	97,069	1	62,339	166,357
Other current liabilities	145,271	289,095	(292,515)	73,999	215,850
TOTAL LIABILITIES	1,317,768	2,814,899	(292,513)	1,014,073	4,854,227

(Amounts in k€)

31/12/2014	TOTAL GAS	TOTAL ELECTRICITY	OTHER ACTIVITIES (1)	ORES (2)	TOTAL CONSOLIDATED (3)
Belgian GAAP					
Non-current assets	1,043,169	2,237,003	4,579	560,565	3,845,316
Property, plant and equipment	1,043,016	2,236,563	4,564	10,431	3,294,574
Other non-current assets	153	441	15	550,133	550,741
Current assets	141,855	365,931	(88,313)	176,673	596,146
Inventories		8,627		24,089	32,716
Trade receivables	37,345	186,767	(88,489)	20,876	156,499
Cash and cash equivalent				129,428	129,428
Other current assets	104,511	170,537	176	2,281	277,504
TOTAL ASSETS	1,185,024	2,602,935	(83,734)	737,238	4,441,462
Equity	504,336	1,156,327	0	495	1,661,159
Share capital	247,721	539,599		458	787,777
Retained earnings					0
Other reserves	256,616	616,728			873,343
Capital subsidy				38	38
Non-current liabilities	552,040	1,118,282	0	619,750	2,290,071
Borrowings	545,126	1,110,464		619,750	2,275,341
Provisions	6,914	7,817			14,731
Current liabilities	128,648	328,326	(83,734)	116,992	490,232
Borrowings	79,230	96,984			176,214
Trade debts	7,228	86,399	2	51,331	144,960
Other current liabilities	42,191	144,942	(83,736)	65,662	169,059
TOTAL LIABILITIES	1,185,024	2,602,935	(83,734)	737,238	4,441,462

c) Reconciliation of segment information (established under Belgian GAAP) and the Group financial statements (prepared in accordance with IFRS)

(Amounts in k€)

31/12/2015	SEGMENT INFORMATION	GROUP FINANCIAL STATEMENTS	VARIATION
Income statement			
Turnover and regulated balances	1,642,266	1,139,958	(502,307)
Result before taxes	140,012	229,319	89,308
STATEMENT OF FINANCIAL POSITION			
Total assets	4,854,227	4,190,721	(663,506)
Total liabilities	4,854,227	4,190,721	(663,506)

(Amounts in k€)

31/12/2014	SEGMENT INFORMATION	GROUP FINANCIAL STATEMENTS	VARIATION
Income statement			
Turnover and regulated balances	1,546,774	1,067,906	(478,868)
Result before taxes	82,703	164,801	82,098
STATEMENT OF FINANCIAL POSITION			
Total assets	4,441,462	4,026,196	(415,267)
Total liabilities	4,441,462	4,026,196	(415,267)

DIFFERENCE BETWEEN SEGMENT INFORMATION AND CONSOLIDATED FINANCIAL STATEMENTS OF ORES ASSETS:

- Intercompany transactions, balances, income and expenses between operating segments have been eliminated in full during the consolidation.
- Recognition of dividends (and the related corporate taxes) when approved by the Shareholder's meeting.
- Provision for employee benefits:
  1. Recognition of provisions related to pension plans offered by the Group
  2. No deferral of pension costs taken over from a third party
- Transfer of assets from customers related to extension work on the network: recognised as income and not as a deduction of property, plant and equipment.
- Intangible assets & property, plant and equipment
  1. Depreciation of assets as soon as they are ready for their intended use
  2. Adjustment of employee costs capitalised in the value of property, plant and equipment
- Recognition of the derivative financial instruments at their fair value.
- Recognition of a differed tax on each adjustment.

Most of these differences are fully detailed in the note of transition to IFRS of the Group for its first combined financial statements at the end of December 2012.

INFORMATION RELATED TO THE GEOGRAPHICAL AREAS OF ACTIVITIES

The Group operates exclusively in Belgium, in Wallonia. Each segment operates in a specific and exclusive geographic area.

INFORMATION RELATED TO THE MAJOR CUSTOMERS

Two of our customers represent together 73% of the total amount of transit fees in the gas sector (74% in 2014).

Regarding the electricity sector, two of our customers represent together 71% of the total amount of transit fees (70% in 2014).

NOTE 08 - GOODWILL

(Amounts in k€)

	31/12/2015	31/12/2014
Acquisition cost	8,955	8,955
Accumulated impairment losses		
	8,955	8,955

Goodwill initially relates to the acquisition of ORES scrl by the eight DSO's (merged on 31 December 2013 to form a unique DSO, ORES Assets). ORES scrl provides services for the DSO and manages all employees of the economic Group consisting of ORES Assets and its subsidiary ORES scrl. The goodwill recognised at the acquisition date corresponds to the know-how of these employees.

As explained in the accounting policies, the cash-generating units (CGU) have been defined as being the eight operating segments by energy.

During the impairment test, the recoverable amount of the CGU is determined by calculating its value in use. This calculation uses cash flow projection based on budgets approved by management. This budget corresponds to the budget approved by the regulator when determining the tariffs and covers a period of two years.

Cash flows beyond the budget period are extrapolated using a zero growth rate.

The discount rate used to determine the value in use is the rate of return (WACC) determined by the tariff methodology (see note 3.A.15 for a description of the regulatory environment).

Based on these assumptions, the value in use determined by the model is approximately equal to the net assets determined in accordance with Belgian GAAP (RAB). However, the net assets determined in accordance with IFRS are systematically lower than the net assets determined in accordance with Belgian GAAP due to the recognition of a provision for pension plans. Accordingly, the value in use is systematically lower than the book value (IFRS) of each CGU. As a consequence, no impairment loss has to be recognised.

NOTE 09 - INTANGIBLE ASSETS

(Amounts in k€)

	31/12/2015	31/12/2014
Acquisition cost	44,345	28,704
Accumulated amortisation and impairment	(13,010)	(7,296)
	31,335	21,408

		SOFTWARE	DEVELOPMENT	TOTAL
COST				
Opening balance	2014	16,606	4,315	20,921
Additions		4,362	1,097	5,459
Additions from internal developments			2,428	2,428
Disposals			(104)	(104)
Opening balance	2015	20,968	7,736	28,704
Additions		10,528	700	11,228
Additions from internal developments			4,413	4,413
Disposals				0
Closing balance	2015	31,496	12,849	44,345
ACCUMULATED AMORTISATION AND IMPAIRMENT				
Opening balance	2014	(3,457)	(464)	(3,921)
Amortisation expense		(2,234)	(1,148)	(3,382)
Disposals			7	7
Opening balance	2015	(5,691)	(1,605)	(7,296)
Amortisation expense		(3,799)	(1,915)	(5,714)
Disposals				0
Closing balance	2015	(9,490)	(3,520)	(13,010)
		22,006	9,329	31,335

a) Description of the major intangible assets and the largest movements over the year

The intangible assets acquired in 2015 mainly include the development of IT solutions, namely a system for the management of metered data and a new application for the monitoring of work and operations conducted on the network or the replacement of the management tool for the central store.

Technological developments in the field of network management, smart metering and other developments highlight the fact that significant development costs are generated and it is likely that they cover periods longer than what was observed in the past.

In this context, since 2012, the Group has therefore opted to proceed with the activation of specific expenses related to development activities, namely for smart metering.

Intangible assets are amortised on a prorate-temporis basis using the linear method over their useful life of 5 years.

b) Amounts of commitments for acquisition of intangible assets

(Amounts in k€)

	31/12/2015	31/12/2014
IT projects	1,536	2,546
	1,536	2,546

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

(Amounts in k€)

	31/12/2015	31/12/2014
Acquisition cost	5,833,881	5,617,243
Accumulated depreciation and impairment	(2,244,864)	(2,160,074)
	3,589,017	3,457,169
Land & Buildings	85,239	79,804
Distribution network	3,468,434	3,343,758
Equipment	31,040	29,154
Other	4,304	4,453
	3,589,017	3,457,169

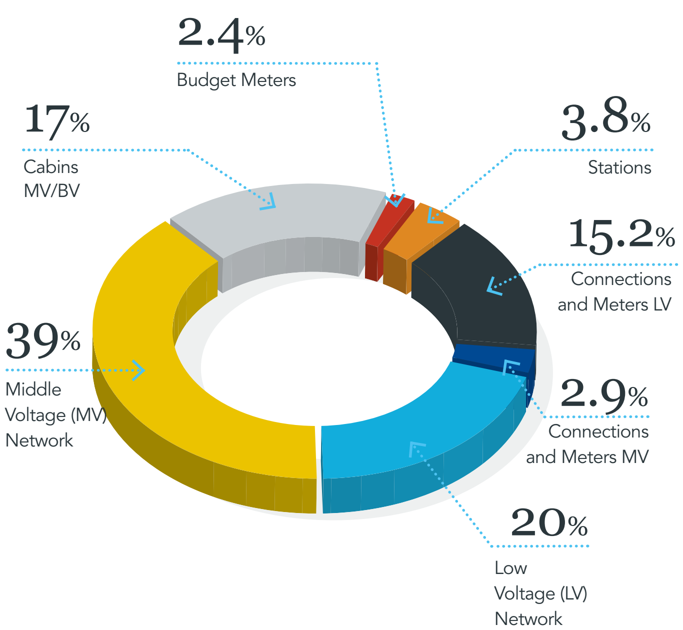
		LAND & BUILDINGS	DISTRIBUTION NETWORK	EQUIPMENT	OTHER	TOTAL
COST						
Opening balance	2014	113,487	5,147,633	135,973	8,307	5,405,400
Additions		4,388	242,471	6,279		253,138
Disposals		(1)	(35,670)	(5,624)		(41,295)
Other						0
Opening balance	2015	117,874	5,354,434	136,628	8,307	5,617,243
Additions		11,142	259,924	8,109		279,175
Disposals		(10,410)	(38,657)	(3,147)		(52,214)
Reclassification as held for sale		(45)	(10,278)			(10,323)
Other						0
Closing balance	2015	118,561	5,565,423	141,590	8,307	5,833,881
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Opening balance	2014	(36,147)	(1,923,715)	(106,647)	(3,688)	(2,070,197)
Depreciation expense		(1,923)	(117,425)	(6,373)	(166)	(125,887)
Disposals			30,464	5,546		36,010
Other						0
Opening balance	2015	(38,070)	(2,010,676)	(107,474)	(3,854)	(2,160,074)
Amortisation expense		(1,976)	(127,663)	(6,172)	(149)	(135,960)
Disposals		6,724	38,656	3,096		48,476
Reclassification as held for sale			2,694			2,694
Closing balance	2015	(33,322)	(2,096,989)	(110,550)	(4,003)	(2,244,864)
CARRIED AT COST		85,239	3,468,434	31,040	4,304	3,589,017
CARRIED AT REVALUED COST						

Description of the property, plant and equipment and the main movements of the period

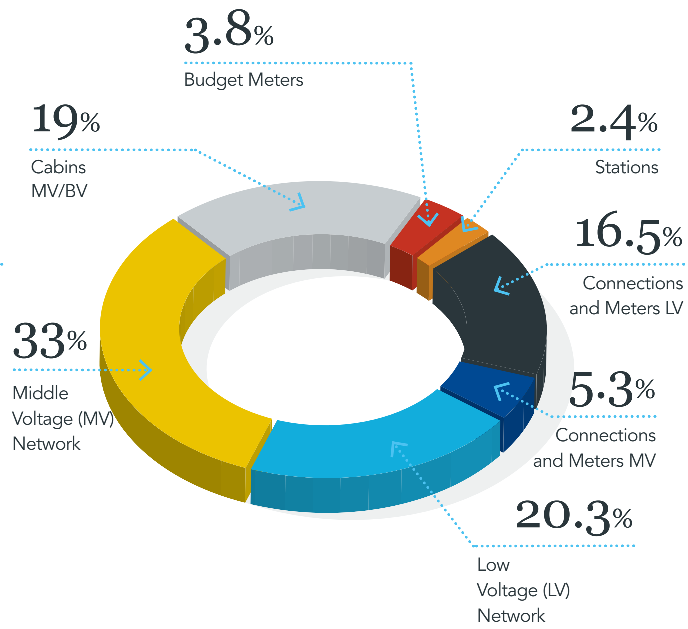
Investments in the current period as well as in 2014 are mainly related to our network distribution of gas and electricity for an amount of € 262 million on a total investment amount of € 279 million for this year (€ 253 million for 2014), consisting of:

Electricity: replacement of equipment (59%) and expansion of networks and installations of new cabins (42%) for a total amount of € 178 million (€ 160 million in 2014) :

YEAR 2015

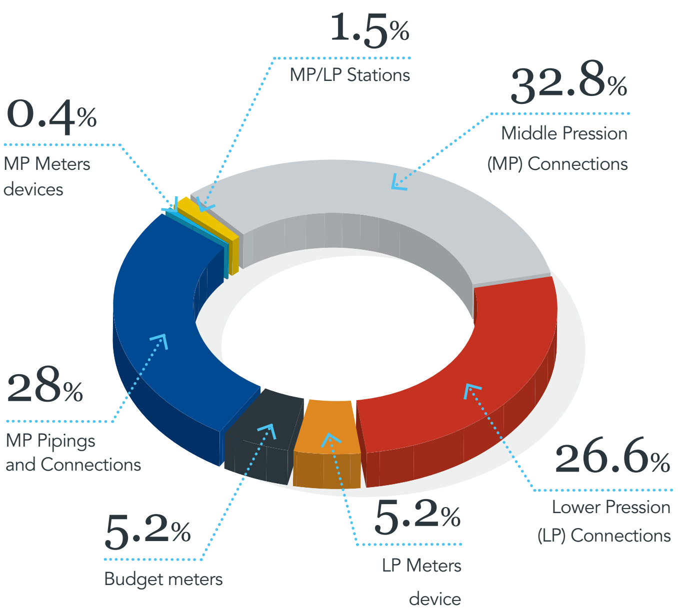


YEAR 2014

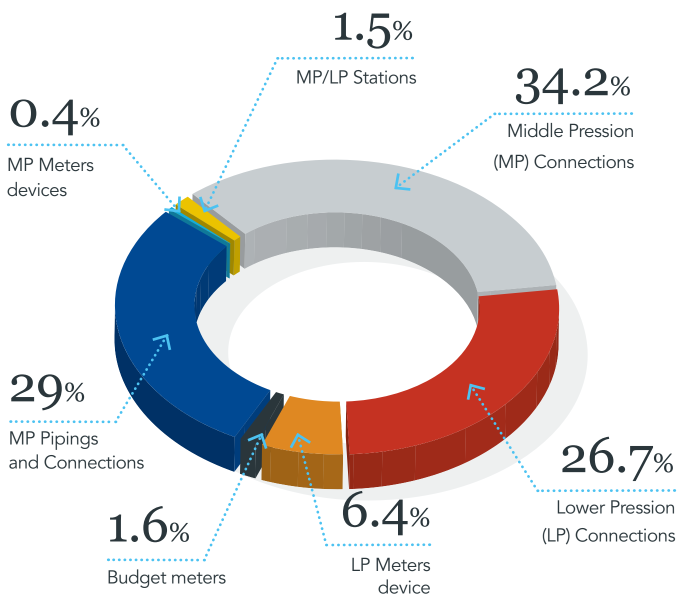


Gas: sanitation works (59%) and extensions of the existing network (41%) for a total amount of € 84 million (€ 82 million in 2014) :

YEAR 2015



YEAR 2014



(Amounts in k€)

AMOUNTS OF COMMITMENTS FOR ACQUISITION OF PPE	31/12/2015	31/12/2014
Electricity Distribution network	54,595	43,905
Gas Distribution network	17,883	12,851
Equipments	26,293	9,730
Vehicles	5,460	1,297
	104,231	67,783

NOTE 11 - FINANCIAL ASSETS

(Amounts in k€)

	Non-current		Current	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014 Restated
Financial assets available for sale				
Unlisted equity instruments	841	841		
	841	841	0	0
Financial assets measured at fair value through profit or loss				
Assets held for sale - Index'is			986	
Assets held for sale - Fourons municipality			10,190	
Listed equity instruments - Sicav's and options			6,632	6,425
	0	0	17,808	6,425
Loans and receivables				
Trade receivables			170,588	168,881
Other receivables	4,704	3,268	45,882	49,215
	4,704	3,268	216,470	218,096
	5,545	4,109	234,278	224,521

Fair value

The fair value of trade receivable is presumed equal to the carrying amount.

Regarding the assets held for sale (€ 11.2 million), we refer to note 32.

NOTE 12 - TRADE, OTHER RECEIVABLES AND CURRENT TAX ASSETS

(Amounts in k€)

	Non-current		Current	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014 Restated
Trade receivables				
Distribution			125,720	117,532
Public service obligation (OSP)			50,726	58,798
Other			29,463	35,655
Write downs on trade receivables			(35,321)	(43,104)
	0	0	170,588	168,881
Other receivables				
Interim dividend			42,064	43,186
VAT			282	2,254
Other	4,704	3,268	5,419	6,370
Write downs on other receivables			(1,883)	(2,595)
	4,704	3,268	45,882	49,215
Current tax assets			2,617	11,110
	0	0	2,617	11,110
	4,704	3,268	219,087	229,206

Trade receivables remain stable with a small increase of € 1.7 million. However, subcategories within trade receivables vary much more. Indeed, the transit fees increased by € 8.2 million which is in line with the growth of the turnover (see note 01) whereas receivables related to public service obligations ("OSP") decreased by € 8.1 million due to, amongst others, an increase in write downs on some old OSP receivables for an amount of € 16 million (partly compensated by some reversal of impairment)

The current tax assets in 2013 mainly consists in the payment of an amount of € 5.8 million related to a tax dispute on the dividend paid to the private shareholder related to the ORES Verviers sector. This litigation was finally settled in favour of the Group and tax authority reimbursed this amount during the first semester of 2015.

(Amounts in k€)

	Trade receivables		Other receivables & current tax assets	
LOANS AND RECEIVABLES NOT IMPAIRED	31/12/2015	31/12/2014 Restated	31/12/2015	31/12/2014 Restated
Not yet due	137,892	131,693	45,695	57,462
Up to 60 days	2,026	622	405	717
61 to 90 days	1,535	631		
91 to 180 days	396	338		
> 180 days	838	1,017		
	142,687	134,301	46,100	58,179

(Amounts in k€)

MOVEMENT IN THE IMPAIRMENT PROVISION	Trade receivables 31/12/2015	Trade receivables 31/12/2014 Restated	Other receivables & current tax assets 31/12/2015	Other receivables & current tax assets 31/12/2014 Restated
At 1 January	43,104	52,938	2,595	2,422
Impairment write downs	68	4,440		173
Reversal of write downs	(7,851)	(14,274)	(712)	
AT CLOSING BALANCE	35,321	43,104	1,883	2,595

(Amounts in k€)

PROVISIONS FOR IMPAIRMENT LOSSES	31/12/2015	31/12/2014 Restated
STATEMENT OF FINANCIAL POSITION	(37,204)	(45,699)
STATEMENT OF COMPREHENSIVE INCOME	(12,366)	(6,681)

The Group uses external companies (factors) since 2011 to recover impaired receivables. One of these companies guaranteed an average recovery rate of around 40% on the invoices regarding energy supply activity and another company guaranteed an average recovery rate of around 33% on the invoices related to works activity. This agreement ended in June 2015. Consequently, all unrecoverable receivables have been expensed which means a reversal of impairment for most of them.

In 2015, a new public contract related to the recoverability of the receivables for energy supply and works has been finalized. This public contract provides a recovery rate by the contractor. The portion of receivables for which we record an impairment is calculated after deduction of the expected recovery percentage.

Until 2014, in most cases, receivables aged for more than 60 days were subject to a 100% impairment on the portion that was not guaranteed by the factor. In 2015, as DSO is submitted to the corporate income tax, the Group introduced a new impairment calculation method approved by the tax ruling service ("Service des Décisions Anticipées - SDA"). The impairment is applied by stage respecting a specific schedule after deduction of the part covered by the factor which is estimated at 55%. No impairment is recorded on the "networks damages" receivables not older than 2 years and on outstanding receivables from municipalities.

Consequently, impairments recorded in 2015 (€ 68 thousand) decreased compared to 2014 (€ 4.4 million).

The majority of our impairment losses relates to the protected customers of ORES Assets and to the temporary supply to the end customers (45% in 2015 compared to 58% in 2014) that have no supply contract or for which the supply contract has been suspended (customers referred to as 'supplier X'). Impairment is also mainly due to the receivables related to fraud on our networks which represent 31% in 2015 compared to 18% in 2014.

In respect to IAS 8 - Changes in Accounting policies, figures of the year 2014 have been restated in order to apply this new method, generating a reversal of impairment losses of € 10.7 million (see also the note on the restatement of the 2014 financial statements on page 14).

(Amounts in k€)

LOANS AND RECEIVABLES WHICH ARE IMPAIRED	Trade receivables 31/12/2015	Trade receivables 31/12/2014 Restated	Other receivables & current tax assets 31/12/2015	Other receivables & current tax assets 31/12/2014 Restated
Up to 60 days	(369)	50		
61 to 90 days	(55)	1,578	127	419
91 to 180 days	4,500	4,189	312	672
> 180 days	59,146	71,867	3,843	3,650
	63,222	77,684	4,282	4,741

NOTE 13 - INVENTORIES

(Amounts in k€)

	31/12/2015	31/12/2014
Raw materials and furnitures	29,242	24,089
TOTAL GROSS	29,242	24,089
Write downs		
Reversal of write downs		
	29,242	24,089
Inventories expensed in the period (cost of sales)	5,610	5,515
Carrying amount of inventories pledged as security for liabilities		

Inventories are located throughout the Walloon region, the bulk being concentrated in the supply store located in Aye whose turnover is 6 times a year.

Higher inventories within the Group ORES is linked to:

- A new method to allocate the material and merchandise used for the construction works : in 2014, outward movements of stock was registered based on an internal order form while in 2015 they are registered based on the effective use of the parts.
- A massive stock entry of high voltage cells and material for Smart projects.

NOTE 14 – CASH AND CASH EQUIVALENTS

(Amounts in k€)

CASH AND CASH EQUIVALENTS INCLUDE THE FOLLOWING FOR THE PURPOSE OF THE CASH FLOW STATEMENT:	31/12/2015	31/12/2014
Cash at bank and in hand	4,886	12,190
Short-term bank deposits	104,024	115,811
	108,910	128,001

Despite the fact that new bonds for a total amount of € 200 million have been issued in 2015, cash and cash equivalents decreased by € - 19.1 million in 2015. This is mainly due to the fact that the Group used the cash from the bonds to support its operating and financing expenses. Moreover, bank loans terminated in 2015 were not renewed thanks to the cash generated by the bonds (see also the analysis in the cash flow statement).

The financial investments represent a total amount of € 104.0 million in 2015 and were conducted in accordance with the decisions of the Board of Directors to implement a prudent policy in this context. At 31 December 2015, only the Belgian Companies Opportunities (Bank Degroof) fund ("SICAV") remains in the portfolio for an amount of € 5 million. Indeed, as the return on the investments is still low within the financial markets, the Group removed its AAA funds ('SICAV') held at year-end 2014 in order to invest in more profitable financial products, such as commercial papers on premium debtors.

NOTE 15 - CAPITAL

		ORES ASSETS SCRL		
		SHARE A	SHARE R	TOTAL
NUMBER OF SHARES				
Opening Balance	2014	45,114,017	4,116,606	49,230,623
Capital increase		1,436,480		1,436,480
Capital decrease				0
Conversion share R to share A		262,768	(262,768)	0
Closing Balance	2015	46,813,265	3,853,838	50,667,103
Capital increase		929,555		929,555
Capital decrease			(107,174)	(107,174)
Conversion share R to share A		86,925	(86,925)	0
Closing Balance	2015	47,829,745	3,659,739	51,489,484
SHARE CAPITAL				
Opening Balance	2014	359,709	411,661	771,370
Capital increase		15,950	0	15,950
Capital decrease				0
Conversion share R to share A		26,277	(26,277)	0
Closing Balance	2015	401,936	385,384	787,320
Capital increase		16,567		16,567
Capital decrease			(10,717)	(10,717)
Conversion share R to share A		8,693	(8,693)	0
Closing Balance	2015	427,196	365,974	793,170
DIVIDEND PER SHARE				
Dividends approved by AGM	2014	65,533	13,292	78,825*
Dividend per share		1,40	3,45	1,60
Dividends approved by AGM	2015	50,101	9,982	60,083*
Dividend per share		1,07	2,59	1,19

* Dividends for the period approved by the Shareholder's meeting are paid in two parts by the Group: an interim dividend is first paid during the period prior to the approval of the dividends by the Shareholder's meeting and the outstanding balance is then paid during the period in which the dividends are approved by the Shareholder's meeting.

Therefore, the amount of dividends recognised in the consolidated statement of cash flows consists of:

(Amounts in k€)

	31/12/2015	31/12/2014
Amount of dividends from year N-1 paid by the Group in year N =	16,897	30,007
Amount of the interim dividend from year N paid by the Group in year N (net of withholding tax) =	41,835	43,186
	58,732	73,193

Additional disclosures

As a cooperative, the capital of ORES Assets is composed of a fixed and a variable part. The fixed part cannot be less than € 18.550 and is fully represented by shares A. Shares A include voting right and right to dividends whereas shares R, with a nominal value of € 100, grant their holder with a right to dividends without voting right. The dividend related to shares R is paid by priority and it is recoverable. Rights and obligations attached to both types of shares are governed by the Company Code, the local democracy and decentralisation Code and the bylaws of the DSO.

(Amounts in k€)

DISTRIBUTION OF CAPITAL	ORES ASSETS	
	CLOSING BALANCE AT 31/12/2015	CLOSING BALANCE AT 31/12/2014
PART A FIXED	149	149
PART A VAR	427,047	401,787
PART R	365,974	385,384
	793,170	787,320

CAPITAL TRANSACTIONS IN 2014

The subscribed capital increased by € 15.9 million (net amount) following the recapitalisation for an amount of € 42.2 million at year-end 2014 in order to finance the investments for the year 2014; a part of this capital increase was funded by public shareholder via the conversion of shares R into shares A (262,768 shares R, equivalent to € 26.3 million).

CAPITAL TRANSACTIONS IN 2015

The subscribed capital increased by € 5.9 million (net amount) following the recapitalisation for an amount of € 16.6 million at year-end 2015 to finance the investments of the year 2015; a part of this capital increase was funded by public shareholder via the conversion of shares R into shares A (86,925 shares R, equivalent to € 8.7 million). Note also the capital decrease of € 10.7 million happened in 2015 by reimbursing shares R.

NOTE 16 – BORROWINGS

(Amounts in k€)

	Carrying amount		Fair value		
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	HIERARCHICAL LEVEL
Unsecured - Non-current					
Bank loans	999,179	1,108,287	1,029,812	1,144,665	Level 2
Treasury bills - private investment	189,750	189,750	215,636	220,772	Level 2
Bonds	625,585	425,700	814,048	561,703	Level 2
Others	3,505	0	3,318		Level 2
	1,818,019	1,723,737	2,062,814	1,927,140	
Unsecured - Current					
Bank loans	109,147	175,934	109,147	175,934	Level 2
Short term treasury bills	49,988		49,988		Level 2
Treasury bills - private investment	4,353		4,353		Level 2
Bonds	10,182	9,406	10,182	9,406	Level 2
	173,670	185,340	173,670	185,340	
Total financial liabilities	1,991,689	1,909,077	2,236,484	2,112,480	
of which: current	173,670	185,340	173,670	185,340	
of which: non-current	1,818,019	1,723,737	2,062,814	1,927,140	

At the beginning of 2015, we undertook two important financial operations. Indeed, two bonds (with a private investment form) were issued on 26 January 2015 and on 3 February 2015 for a value of € 100 million each and a term of 30 years. This allows the Group to meets its financing needs for 2015.

As a result, bank loans terminated in 2015 have not been renewed which explains the decrease of bank loans in 2015 compared to 2014.

Moreover, the Group emitted short term treasury bills for a value of € 50 million and a maturity in March 2016.

TREASURY BILLS PROGRAM

The Treasury bills program was established in 2011 with the joint guarantee from the eight DSO's (merged on 31 December 2013 to form a unique DSO: ORES Assets) for a period of ten years and a maximum amount of € 250 million. Its objective is to diversify the short term funding resources.

Indeed, pursuing its strategy of diversification of funding sources, the Group has also modified the characteristics of its treasury bills program in order to be able to issue securities for periods exceeding 12 months (private investments).

The outstanding balance of short-term treasury bills amounted to € 141.9 million at the end of 2011 and was fully reimbursed in 2012. The Group took advantage of the pressure on long-term rate to strengthen its short-term position into a long-term position through private investments for an amount of € 189.7 million at 31 December 2015. The first treasury bills issued in 2012 only mature in 2017 (see also note 14).

As explain here above, the Group consolidates its treasury by emitting at year-end short term treasury bills with excellent condition, for a value of € 50 million.

BONDS ISSUE

ORES scrl issued a bond of € 350 million on 2 October 2012 in order to diversify its funding sources and ensure the financial needs of the company and its shareholder, the Walloon DSO, for the years 2012, 2013 and 2014 for a part. The bonds have a term of 9 years and bear an interest rate of 4%.

ORES scrl issued a bond of € 80 million on 29 July 2014, in the context of its private investments, thereby allowing to ensure part of the financial needs of the company and its shareholder for the year 2015. The bonds have a term of 30 years and bear an interest rate of 4%.

As previously mentioned, the Group issued two new bonds on the 26 January 2015 and on the 3 February 2015 for a value of € 100 million each to meets its financial needs during 2015 and 2016. These two bonds have respectively an interest rate of 3% and 2.85%

GLOSSARY OF TERMS USED IN THE SEGMENTATION OF LOANS:

- Fixed adjustable rate: borrowing whose rate is fixed for a period longer than a year and within the period of debt repayment. After this period, the rate is revised depending on market evolution.
- Hedged floating rate: floating rate borrowing hedged by a hedging instrument (IRS or cap).
- Hedged and structured floating rate: two instruments are included in this category:
    - o Barrier structured products: loans with a fixed rate that is below the standard rate as long as the reference rate (short-term Euribor rate) does not exceed a predetermined rate (the "barrier").
    - o Slope structured products: products whose rate is based on a range of variation between short and long-term rates. The rate is low as long as the difference between the short-term rate and the long term-rate is below a threshold and becomes much higher if it exceeds the threshold.

DESCRIPTION OF THE METHODS USED TO DETERMINE THE FAIR VALUE

- Fixed rate financing: at the end of the reporting period, sum of the future discounted cash flows with capital and interests calculated based on market rates (including the bonds among others) at the end of the reporting period.
- Adjustable fixed rate financing: at the end of the reporting period, the sum of the discounted future cash flows with capital and interests calculated based on market rates at the end of the reporting period.
- Floating rate financing: fair value is presumed equal to the carrying amount at the end of the reporting period.
- Structured financing: the carrying amount at the end of the reporting period for the non-structured part + valuation of the structured part based on the market rates at the end of the reporting period.
- Treasury bills: the fair value is presumed equal to the carrying amount at the end of the reporting period.

a) Repayments are scheduled as follows (by term and type of interest rate)

(Amounts in k€)

31/12/15	FIXED RATE	ADJUSTABLE FIXED RATE	FLOATING RATE	HEDGED FLOATING RATE	STRUCTURED FLOATING RATE	TOTAL
Within one year	72,131	10,288	2,161	69,434	19,656	173,670
>1 and <3 years	76,002	20,590	4,299	119,002	39,313	259,206
>3 and <5 years	135,175	20,610	9,299	184,548	39,313	388,944
>5 and <15years	355,067	44,099	8,984	381,806	101,212	891,168
>15 years	278,701					278,701
	917,076	95,587	24,742	754,790	199,494	1,991,689
31/12/14						
Within one year	18,187	10,284	67,780	69,434	19,656	185,340
>1 and <3 years	74,398	20,581	4,299	128,935	39,313	267,524
>3 and <5 years	60,528	20,600	4,299	119,002	39,313	243,741
>5 and <15 years	434,853	54,406	16,133	506,853	120,868	1,133,114
>15 years	79,357					79,357
	667,323	105,871	92,509	824,224	219,150	1,909,077

b) Repayments are scheduled as follows (by term and nature of loan)

(Amounts in k€)

31/12/15	BANK OVERDRAFTS	BANK LOANS	TREASURY BILLS	BONDS	OTHERS	TOTAL
Within one year	49,988	109,147	4,353	10,182		173,670
>1 and <3 years		198,758	59,000		1,448	259,206
>3 and <5 years		257,851	130,750		343	388,944
>5 and <15 years		542,570		346,884	1,714	891,168
>15 years				278,701		278,701
	49,988	1,108,326	194,103	635,767	3,505	1,991,689
31/12/14						
Within one year		175,934		9,406		185,340
>1 and <3 years		208,524	59,000			267,524
>3 and <5 years		192,992	50,750			243,742
>5 and <15 years		706,771	80,000	346,343		1,133,114
>15 years				79,357		79,357
	0	1,284,221	189,750	435,106	0	1,909,077

All borrowings are denominated in EURO.

UNUSED CREDIT LINES :

The Group has two credit lines of € 50 million each that have been renewed at the end of 2014 for a period of 3 years and will thus terminate at 31 December 2017.

SUMMARY OF THE MAJOR BORROWINGS (INCLUDING INTERETS RATES)

	Carrying amount		Initial amount	Maturity date	Fixed/ floating rate	Interest rate applicable at closing 2015	IRS-Notionnel	IRS-Fair value	Maturity date	Interest rate applicable at closing 2015
	31/12/15	31/12/14								
Borrowing 1 - MP 2007	6,052	6,556	24,038	2028	Floating	3,93%				
Borrowing 2 - MP 2008	76,720	82,621	118,030	2029	Floating	3,57%	76,720	2,939	30/12/16	Fixed rate at 3,57%
Borrowing 3 - KP 2008	52,767	66,536	134,830	2029	Floating	3,47%	50,306	3,503	29/12/17	Fixed rate at 3,47%
Borrowing 4 - FP50,2008	340,436	369,787	505,807	2030	Floating	3,56%	86,999	11,266	31/12/19	Fixed rate at 3,56%
Borrowing 5 - MP 2009	0	59,309	59,309	2015	Floating	0,00%				
Borrowing 6 - MP FP 2010	71,900	71,900	71,900	2021	Floating	3,33%	25,000	4,104	31/12/20	Fixed rate at 3,33%
Borrowing 7 - MP 2011	52,936	74,124	153,318	2022	Floating	1,73% 0,92% 1,83% 3,63%	18,661 8,578 5,589 20,108	1,053 103 336 369	31/12/21 31/12/16 29/12/21 31/03/17	Fixed rate at 1,725% Fixed rate at 0,92% Fixed rate at 1,83% Fixed rate at 3,63%
Borrowing 8 - Sedilec 1	20,000	22,500	50,000	2024	Fixed	3,41%				
Borrowing 9 - Sedilec 2	35,800	39,380	71,600	2026	Fixed	3,30%				
Bond issued in 2012	346,884	346,342	350,000	2021	Fixed	4,00%				
Bond issued in 2014	79,379	79,358	80,000	2044	Fixed	4,00%				
Bond issued in 2015	99,661	0	100,000	2045	Fixed	3,00%				
Bond issued in 2015	99,660	0	100,000	2045	Fixed	2,85%				
Long-term treasury bills	189,750	189,750	189,750	Between 2017 and 2020	Fixed	Between 3,43% and 4,04%				
	1,471,945	1,408,163	2,008,582				291,961	23,673		

Classic bank loans contracts of the Group are not subject to specific covenants (ratio, etc)

However, the Group must keep a solvability ratio of 30% for its bonds. This ratio is included in the bylaws of ORES Assets (see the management of the equity described in note 31).

NOTE 17 - OTHER FINANCIAL LIABILITIES

(Amounts in k€)

	Non current		Current	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Financial liabilities measured at fair value through profit or loss				
Derivatives instruments - IRS	27,029	40,446	3,139	3,377
	27,029	40,446	3,139	3,377
Financial liabilities measured at amortised cost (excluding borrowings)				
Trade payables			152,403	144,204
Other payables			51,085	61,900
	0	0	203,488	206,104
	27,029	40,446	206,627	209,481

The fair value of trade payables corresponds to their carrying value.

Average credit period for trade payables (days)	50	50

Despite another decrease in the average Euribor rates in 2015, from 0.0148% in 2014 to – 0.079% at the end of 2015, the evolution of the fair value of the IRS remains positive (€ +13.7 million). This is explained by the significant decrease in the total notional amount of the IRS in 2015 (€ -238 million), especially IRS with a highly negative fair value matured in 2014 which have not been renewed (fair value of € 3.4 million at year-end 2014).

The increase of the long term interests during 2015 decreased the interest of the secondary market regarding our IRS contracts and consequently decreased the fair value of some IRS in our portfolio.

Please note that the IRS matured in 2015 were reclassified as other current financial liabilities for an amount of € 3.1 million.

NOTE 18 - OTHER PAYABLES & OTHER LIABILITIES

(Amounts in k€)

	Carrying amount	
	31/12/2015	31/12/2014
Social security and other tax payables	16,841	18,692
Short Term Employee Benefits & accruals	31,433	29,373
Accrued charges	206	235
Deferred income	1,791	1,252
Derivatives - IRS	30,168	43,823
Others	4,443	15,622
	84,882	108,997
of which: non-current	27,029	40,446
of which: current	57,853	68,551

The decrease of the other payables and other liabilities (€ - 24.1 million) in 2015 is explained by :

- The decrease in the fair value of the IRS for € 13.4 million (see note 17).
- The decrease in the other payables for € 11.2 million: this is partly due to the transfer of payables related to the municipality of Fourons to the "payables related to the assets held for sale" for € 8.7 million (see note 32).

For further explanation on the pension provisions and employee benefits, we refer to the note 20.

NOTE 19 - PROVISIONS

(Amounts in k€)

	31/12/2015	31/12/2014
Depollution	5,342	5,342
Others	20,767	10,450
	26,109	15,792
of which: current		
of which: non-current	26,109	15,792

MOVEMENT IN THE PROVISIONS (EXCLUDING EMPLOYEE BENEFITS)	2015	DEPOLLUTION	OTHERS	TOTAL
At 1 January		5,342	10,450	15,792
Additional provisions recognised			12,767	12,767
Amounts used in the period			(1,655)	(1,655)
Amounts reversed during the period			(795)	(795)
AT END OF THE PERIOD		5,342	20,767	26,109
of which: current		0	0	0
of which: non-current		5,342	20,767	26,109

MOVEMENT IN THE PROVISIONS (EXCLUDING EMPLOYEE BENEFITS)	2014	DEPOLLUTION	OTHERS	TOTAL
At 1 January		7,111	16,500	23,611
Additional provisions recognised			165	165
Amounts used in the period			(678)	(678)
Amounts reversed during the period		(1,769)	(5,537)	(7,306)
AT END OF THE PERIOD		5,342	10,450	15,792
of which: current		0	0	0
of which: non-current		5,342	10,450	15,792

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and if it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

DEPOLLUTION

The implementation of the decree dated 5 December 2008 related to soil management could justify some expenses related to soil pollution clean-up on some polluted sites. Under these circumstances, the Group takes appropriate measures in terms of soil pollution prevention and in terms of information about the existence of pollution. Provisions are recorded in this respect.

In this regard, 5 sites have been subject to an orientation study in 2012 which demonstrated the existence of pollution exceeding the thresholds defined by the soil decree. Under the application of article 5 of this decree, the Group has notified the administration and municipalities and has booked provisions based on estimates prepared by independent experts in the fame of these studies.

In 2014, a provision covering pollution clean-up for an amount of € 1.8 million has been reversed because the Management expected the sale of the site for which we recorded a provision in 2015. Indeed, a preliminary sale agreement was signed in December 2014 in which the acquirer would have taken over all soil sanitation costs that would have been needed in the future.

In 2015, no new provision relating to depollution was recognized or reversed.

OTHERS

Due to this activities, the Group is also exposed to legal risks. Provisions for litigations are frequently updated in agreement with the Group's legal department. The amount recognised as a provision is the Group's best estimate of the consideration required to settle the present obligation.

In 2015, €12.8 million accrual is recognized for some legal or regulatory obligations.

Indeed, a decree recently published by the Walloon Government requires the digitalization of the network maps.

The Group also covered the application risks associated with the transition to new IT systems necessary for the market processes and their evolution.

The provisions reversed in 2015 are the consequence of some amicable settlements of litigations between the parties.

NOTE 20 - EMPLOYEE BENEFITS - GENERAL

(Amounts in k€)

STATEMENT OF FINANCIAL POSITION	31/12/2015	31/12/2014
Non-current		
Pension Benefits - Funded plans	(178,373)	(134,253)
Pension Benefits - Unfunded plans	89,945	119,488
Other post employment benefits	105,759	115,447
Other long-term benefits	30,487	46,457
	47,818	147,139
Effect of the assets ceiling	130,379	
	178,197	147,139
Current		
Short Term Employee Benefits	31,433	29,373
	31,433	29,373
	209,630	176,512

A description of the employee benefits is disclosed in the accounting policies (see 3.A.11).

Post-employment benefits consist mainly of tariff reductions and health care benefit granted to employees after retirement.

Other long-term benefits include jubilee benefits granted to executives and employees.

(Amounts in k€)

STATEMENT OF COMPREHENSIVE INCOME	31/12/2015	31/12/2014
Wages and salaries	137,271	137,353
Social security contributions	40,488	39,630
Pension expenses and other long-term benefits	20,229	20,279
Other social expenses	11,905	15,311
Of which included in the cost of PP&E	(67,755)	(55,968)
	142,138	156,605
AVERAGE NUMBER OF PERSONNEL		
Employees - Total full-time equivalent	2,400	2,387

NOTE 21 - EMPLOYEE BENEFITS - DEFINED CONTRIBUTION PLANS

Two defined contribution plans exist within the Group: one aimed at executives and management hired from 01/05/1999 or having opted for this plan as of 01/01/2007 (Powerbel), and the other one aimed at employees hired from 01/01/2002 (Enerbel). These plans grant a retirement capital determined by the amount of premiums paid and returns assigned to them.

ENERBEL

The employee contribution is a step rate formula equal to 0.875% of the portion of the salary below a ceiling plus 2.625% of the portion of the salary above this ceiling. This contribution is deducted monthly from the salary of the affiliates and paid into a group insurance contract in the name of the participant with an insurer (Constassur S.A.).

The employer contribution is equal to 3 times the employee contribution and is paid into the pension funds.

POWERBEL

Personal contribution is determined based on a rate by level, equal to 0.6% of the remuneration that lower than a specific threshold, increased by 4.6% for the part of the remuneration above the threshold. This contribution is monthly deducted from the salary of the affiliates and paid into a group insurance contract in the name of the participant with an insurer (Constassur S.A.). The employer contribution is equal to 4 times the employee contribution and is paid into the pension funds.

(Amounts in k€)

	31/12/2015	31/12/2014
Amount recognised in statement of comprehensive income	4,462	2,774
Expected contributions during the next period for DC plans :	4,248	3,378

PLAN ASSETS ALLOCATION

The plan assets are managed by a Luxembourg fund (Esperide) and divided into four investment areas, each with a specific risk profile.

RISK ANALYSIS

Defined Contribution Plans (Enerbel and Powerbel) expose the employer to investment risk. The employee contributions are paid into a group insurance (Contassur S.A.- branch 21- deferred capital without refund). Before 1st October 2015, the technical interest rate of 3.25% plus profit sharing was granted to the employees. Since this date, Contassur grants a rate of 1% for annual level premiums and 1.5% for the successive single premiums. The employer contributions are paid into a Pension Fund (Powerbel or Enerbel) which offers no guaranteed minimum return.

Before 1 January 2016, the article 24 of WAP/LPC (dated 28 April 2003) imposed a minimum return guarantee had to be realized on the employer and employee contributions upon payment of the commitments. This guarantee fell under the responsibility of the employer and had to be respected when the employee left. The minimal return guarantee was equal to 3,75 % for the employees premiums and 3.25% for the employer premiums.

Since 1 January 2016, the legislation changed and Article 24 described here above requires from now to grant the same minimum guarantee rate for both employee and employer contributions. This rate is variable and based on the past Belgian OLO's with a minimum of 1.75% and a maximum of 3.75%.

ACCOUNTING POLICY CHOICE

The "Intrinsic Value" method is chosen to evaluate the defined contribution plans.

The two main arguments in favour of this choice are as follows:

- A strict application of the "Projected Unit Credit Method" (PUC Method), as currently prescribed by IAS 19, would require an assumption about the evolution of the minimum guaranteed return on future contributions in order to determine a best estimate of the projected benefits. If the best estimate of the expected rate of return is the currently applicable guaranteed rate of return, this assumption could be viewed as incompatible with the other assumptions in a period of low discount rate.

- The application of the PUC method also requests that the benefits could be determined on a projected basis. Unfortunately, this is not the case since the return on contributions is equal to the maximum between the minimum guaranteed rate of return and the return realized by the fund. Further the minimum guaranteed return may also vary on legislative decision.

The situation at year-end 2015 of the two defined contribution plans is as follows:

(Amounts in k€)

ORES	POWERBEL	ENERBEL
Total minimum guaranteed reserves	11,163	12,459
Total mathematical reserves	11,830	13,401
Sum of the differences	667	942
Sum of the shortfalls calculated individually	-47	-3

As highlighted by the table above, a non-significant shortfall of € 50 thousand is noted in 2015. We did not therefore accrued anything.

The amount of the future expenses will depend on the evolution of the wages.

NOTE 22 – EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

FUNDED DEFINED BENEFIT PLANS:

Several defined benefit plans exist within ORES scrl and are governed by the parity commission of Gas & Electricity (CP 326). They are mainly intended for employees hired before 01/01/2002 and for executives and executive directors hired before 01/05/1999 with permanent contracts and benefiting from the Gas & Electricity status. The pension benefit which will be transferred to employees mainly depends on one hand on number of years and months of accomplished services under employment contract at the regular pension age even in case of anticipation. To these years of experience, an additional number of years of experience can be added up following the CCT and the 2007-2008 framework convention. On the other hand, it also depends on the salary of the agent at the retirement age. In case of death of the agent prior to the retirement age, the death capital will be transferred to its beneficiaries and an annuity will be allocated to each child under the age of 25.

These commitments are mentioned under «Defined benefit obligation / Funded plans».

UNFUNDED DEFINED BENEFIT PLANS:

A system called "general expenses system" is mentioned under this section. This system, stopped since 1st January 1993, aimed at granting a life annuity amounting to 75% of the last salary for a complete career minus the paritary legal pension. In case of death, the annuity is 60% reversible in favour of the surviving spouse. For orphans, the annuity is set at 15% of the pension annuity or to 25% for orphans who lost mother and father (maximum 3 orphans). Since 01/01/2007, acquired rights in terms of retirement have been built up in Elgabel for a career going onwards as from that date.

This section also includes advantages granted by the Group upon retirement of agents such as healthcare and tariff reductions.

(Amounts in k€)

STATEMENT OF FINANCIAL POSITION	31/12/2015	31/12/2014
Present value of the defined benefit obligations/Funded plans	202,210	221,606
Plan assets	(380,583)	(355,859)
Deficit / (surplus)	(178,373)	(134,253)
Present value of the other long term benefits/Funded plans	41,608	53,030
Plan assets of the other long term benefits	(11,121)	(6,573)
Deficit / (surplus)	30,487	46,457
Present value of the defined benefit obligations/unfunded plan	195,704	234,935
Effect of the asset ceiling	130,379	
Other		
NET LIABILITY ARISING FROM DEFINED BENEFIT OBLIGATION	178,197	147,139
REIMBURSEMENT RIGHTS	(2,047)	(2,591)

STATEMENT OF COMPREHENSIVE INCOME

SERVICE COST		
Current service cost	10,951	8,512
Past service cost (including curtailments)	3,883	8,512
(Gain)/loss from settlement		
	14,834	17,024

NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY/(ASSET)	31/12/2015	31/12/2014
Interest cost on the defined benefit obligation	6,554	12,503
Interest income on plan assets	(5,269)	(9,606)
	1,285	2,897
DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS (POSITIVE = EXPENSE; NEGATIVE = INCOME)	16,119	19,921

In 2015, cost of past services is related to the transfer of most of affiliated executives from the pension plan Pensiobel to the pension plan Powerbel.

(Amounts in k€)

REMEASUREMENTS OF NET DEFINED BENEFIT LIABILITY/(ASSET) RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)	31/12/2015	31/12/2014
Actuarial (gains)/losses on defined benefit obligation arising from		
i) changes in demographic assumptions	(1,053)	0
ii) changes in financial assumptions	(39,113)	63,338
iii) experience adjustments	(393)	(11,288)
iv) subtotal	(40,559)	52,050
i) Return on plan assets excluding interest income on plan assets	(1,050)	(14,802)
ii) Modifications of the financial hypotheses	(3,304)	(8,208)
Change in the effect of the asset ceiling excluding interest on this effect	130,379	
	85,466	29,040
DEFINED BENEFIT COST (POSITIVE = EXPENSE; NEGATIVE = INCOME)	101,585	48,961

(Amounts in k€)

MOVEMENTS IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION WERE AS FOLLOWS:	31/12/2015	31/12/2014
Opening balance	456,541	409,778
Current service cost	10,951	8,512
Interest cost	6,554	12,503
Contributions from plan participants	526	792
Actuarial (gains)/losses arising from		
i) changes in demographic assumptions	(1,053)	0
ii) changes in financial assumptions	(39,113)	63,338
iii) experience adjustments	(393)	(11,288)
Past service cost	3,883	8,512
Benefits paid	(39,982)	(35,606)
Other		
CLOSING BALANCE	397,914	456,541

(Amounts in k€)

MOVEMENTS IN THE FAIR VALUE OF THE PLAN ASSETS WERE AS FOLLOWS:	31/12/2015	31/12/2014
Opening balance	355,859	306,793
Interest income on plan assets	5,269	9,606
Return on plan assets excluding interest income on plan assets	1,050	14,802
Actuarial gaps	3,304	8,208
Contributions from employer	54,557	51,264
Contributions from plan participants	526	792
Benefits paid	(39,982)	(35,606)
CLOSING BALANCE	380,583	355,859
ACTUAL RETURN ON PLAN ASSETS	6,319	24,408

(Amounts in k€)

PRINCIPAL ACTUARIAL ASSUMPTIONS USED FOR THE PURPOSE OF THE ACTUARIAL VALUATIONS WERE AS FOLLOWS:	31/12/2015	31/12/2014
Discount rate	1,96%	1,45%
Future salary increases - employees with old contract (outside inflation)	0,63%	0,85%
Future salary increases - employees with new contract (outside inflation)	1,88%	1,75%
Medical cost increase (outside inflation)	1,00%	1,00%
Increase of average cost of tariff reductions	1,75%	1,75%
Inflation rate	1,75%	1,75%
Average assumed retirement age	63 ans	63 ans
Mortality Table used for active employees	IA/BE prospective table	MR - 5/FR
Mortality Table used for retirees	IA/BE prospective table	MR/FR
Life expectancy in years of a pensioner retiring at age 65 :		
For a Person aged 65 at closing date :		
- Male	22,5	22,5
- Female	22	22
For a Person aged 65 at closing date :		
- Male	22,3	22,5
- Female	26	22

In 2015, the Group decided to apply the new prospective mortality tables established by the official Belgian Institute of Actuaries ("Institut des Actuaires / Instituut van Actuarissen") to estimate its employees benefits.

The impact of this change is quite limited on the financial statement as of 31 December 2015.

(Amounts in k€)

BREAKDOWN OF DEFINED BENEFIT OBLIGATION BY TYPE OF PLAN PARTICIPANTS :	Defined benefit obligation 31/12/2015	Defined benefit obligation 31/12/2014
Active plan participants	253,801	279,771
Terminated plan participants with deferred benefit entitlements	5,339	5,073
Retired plan participants and beneficiaries	138,774	171,697
	397,914	456,541

(Amounts in k€)

BREAKDOWN OF DEFINED BENEFIT OBLIGATION BY TYPE OF BENEFITS :	Defined benefit obligation 31/12/2015	Defined benefit obligation 31/12/2014
Retirement and death benefits	292,155	341,094
Other post-employment benefits (medical and tariff reductions)	105,759	115,447
	397,914	456,541

(Amounts in k€)

MAJOR CATEGORIES OF PLAN ASSETS :	Fair value of plan assets 31/12/2015	Fair value of plan assets 31/12/2014
With a quoted market price in an active market	310,658	291,063
Shares (Eurozone)	68,804	56,614
Shares (Outside eurozone)	56,244	48,673
Government bonds (Eurozone)	18,383	16,313
Other bonds (Eurozone)	128,289	134,747
Other bonds (Outside eurozone)	38,938	34,716
With a no quoted market price in an active market	69,925	64,796
Cash and cash equivalents	9,938	2,748
Real property	15,505	14,970
Qualifying Insurance contract	3,304	8,209
Other	41,178	38,869
	380,583	355,859

(Amounts in k€)

SENSITIVITY ANALYSIS FOR EACH SIGNIFICANT ACTUARIAL ASSUMPTION ON DEFINED BENEFIT OBLIGATION	Defined Benefit Obligation 31/12/2015	Defined Benefit Obligation 31/12/2014
Discount rate plus 0.50%	(22,520)	(26,121)
Salary increase plus 0.50% (outside inflation)	17,981	22,794
Medical cost increase plus 1%	14,521	14,463
Increase of average cost of tariff reductions plus 0.50%	5,380	5,137
Inflation plus 0.25%	9,517	11,456
1 year age correction to "male" mortality tables	2,565	3,873
1 year age correction to "female" mortality tables	6,145	6,217
Weighted average duration of the defined benefit obligation	8	8
Expected contributions during the next period for DB plans	8,808	3,224

Each year, the discount rate used to calculate the pension liabilities with regard to the financing and the minimum funding requirements is challenged with the expected return on assets, of which the investment policy is defined by the sponsor.

This expected return is obtained from the risk-free rate given by financial markets at the moment of the control, from risk premiums for each class of assets in the portfolio and from their corresponding volatility. If the expected return is lower than the discount rate, the latter is lowered.

A stress test is performed annually. This test verifies that the minimum funding requirements are covered to "shocks" with probabilities of occurrence of 0.5%.

The affiliates (mostly) contribute to the financing of the retirement benefits by paying a personal contribution of type "defined contribution" (step rate formula a%t1 + b%t2) deducted monthly from their salaries.

The annual balance of the defined benefit lump sum is financed by the employer by a recurrent allocation expressed as a percentage of the total payroll of the affiliates. This percentage is defined by the aggregate cost method and is reviewed annually. This method of financing consists to smooth future costs over the remaining period of the plan. The costs are estimated on projected bases (salary growth and inflation taken into account). The assumptions related to salary increase, inflation, employee turnover and age-term are defined on basis of historical statistics of the company. The mortality tables used are the ones corresponding to the observed experience within the financing vehicle. The discount rate is set up with regard to the investment strategy of the company. These assumptions are challenged on a regular basis.

Exceptional events (such as modification of the plan, change of assumptions, too short degree of coverage...) can eventually lead to outstanding payments from the sponsor.

In 2015, the discount rate slightly increased from 1.45% to 1.96% following the increase in the rate of return on 10-years high quality corporate bonds (AAA).

The average duration of defined benefit obligation is about 8 years. These plans are closed and the benefits are awarded in the form of lump sum (no annuities paid). This explains the relatively short duration.

DESCRIPTION OF THE RISKS LINKED TO THE DEFINED BENEFIT PLANS

The defined benefit plans expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

INVESTMENT RISK

The present value of the defined benefit plan liability is calculated using a discount rate determined to high quality corporate yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investments presented as follows:

	ELGABEL %	PENSIOBEL %	INSURANCE COMPANY %	TOTAL %
Investments quoted in active market	79,66	80,30	76,87	79,31
Shares (Eurozone)	19,88	22,37	3,10	17,57
Shares (Outside Eurozone)	16,59	16,08	3,08	14,36
Government bonds (Eurozone)	2,83	2,74	14,59	4,69
Other bonds (Eurozone)	28 ,47	27,59	56,10	32,75
Other bonds (Outside Eurozone)	11,89	11,52	0,00	9,94
Unquoted investments	20,34	19,70	23,12	20,69
Qualifying insurance contracts	0,00	0,00	5,29	0,84
Real property	3,92	3,79	4,29	3,96
Cash and cash equivalent	2,65	2,55	2,03	2,54
Others	13,77	13,35	11,52	13,35
TOTAL (%)	100,00	100,00	100,00	100,00

Due to the long-term nature of the plan liabilities, the Board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.

Insurance contracts treated as assets (5.9%) represent the increase of mathematical reserves of insurance contracts (Contassur and others) in order to obtain the fair value of plan assets as described in §115 of IAS 19.

INTEREST RISK

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments and by the application of IAS 19 §115.

LONGEVITY RISK

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Since 2015, ORES Group apply the new prospective mortality tables published by the official Belgian Institute of Actuaries ("Institut des Actuaires / Instituut van Actuarissen").

SALARY RISK

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTE 23 - LEASES (LESSEE)

(Amounts in k€)

OPERATING LEASES	31/12/2015	31/12/2014
Payments recognised as an expense in the income statement		
Mimimum lease payments	21,246	21,682
Sub-lease payments received	(4,235)	(4,265)
	17,011	17,417
Maturity of outstanding commitments under non-cancellable operating leases with a term of more than one year		
Within one year	9,900	6,425
>1 and <2 years	4,408	4,134
>2 and <5 years	5,556	5,220
>5 years	915	1,424
	20,779	17,203

There are no liabilities recognised in respect of non-cancellable operating leases.

Lease payments mainly include:

- The lease of office buildings;
- The lease of cars for executives and management;
- The lease of IT hardware & software licence (PC, laptop, printer, licenses, ...) ;
- Fees paid for the access to injection stations and for the use of optical fibers.

NOTE 24 A - TAXES

(Amounts in k€)

TAXES RECOGNIZED IN THE INCOME STATEMENT	31/12/2015	31/12/2014 Restated
Current income tax expense in respect of the period	53,257	(1,986)
Adjustments recognised in the current period in relation to the current tax of prior years	383	378
Tax payable on interests received	243	5,903
Tax payable on dividends declared	949	1,368
Current tax expense	54,832	5,663
Deferred tax expense (income) relating to changes in tax law		174
Deferred tax expense (income) relating to origination and reversal of temporary differences	25,372	
Deferred tax expense (income)	25,372	174
TOTAL TAX IN THE INCOME STATEMENT	80,204	5,837

The vote of the law by the Federal Parliament on 19 December 2014 and published in the Belgian Official Gazette on 29 December 2014 results in ORES Assets being subject to corporate income tax as from the fiscal year 2016 (2015 income).

In respect to IAS 8, figures of the year 2014 have been restated at the deferred tax level in order to take into account the adjustment related to the new accounting treatment of the impairment on trade receivables. This has led to recognize an additional deferred tax expense of € 3.7 million (see the note related to the adjustments over 2014).

As a reminder, no deferred tax was recognised in 2014 on the profit of the period since ORES Assets was not yet subject to income tax but subject to a 15.45% tax on the total amount of dividends distributed to the private shareholder concerning the gas activity only.

(Amounts in k€)

THE RECONCILIATION OF THE EFFECTIVE TAX RATE WITH THE THEORITICAL TAX RATE SHOULD BE SUMMARIZED BELOW:	31/12/2015	31/12/2014 Restated
Result before taxes	229,319	175,544
Tax rate applicable in Belgium	33,99%	33,99%
Theoretical tax	77,946	59,667
Adjustments:		
Specific taxation applicable to the DSO*		(30,723)
Non-taxable IFRS result		(28,945)
Taxes on non-deductible expenses	3,074	(1,986)
Use of Notional interests	(4,333)	
Expense arising from the recognition or the reversal of previous temporary differences	2,549	
Income arising from the recognition or the reversal of previous temporary differences	(607)	
Tax payable on interests received	243	5,903
Tax payable on dividends declared	949	1,368
Effect on differed tax due to a change in tax status of the DSO		174
	1,875	(54,209)
Adjustments recognised on the current period in relation to the current tax of prior years	383	378
TOTAL TAX DURING THE PERIOD	80,204	5,837
AVERAGE EFFECTIVE RATE	34,97%	3,32%

(Amounts in k€)

INCOME TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME SHOULD BE DETAILED BELOW:	31/12/2015	31/12/2014 Restated
Property revaluations	0	297,802
(Profit) on fair value of hedging instruments entered into for cash flow hedges	(4,641)	(14,895)
(Profit) on DB pension plans deferred tax expense (income)	29,050	(6,373)
TOTAL INCOME TAX IN OTHER COMPREHENSIVE INCOME	24,409	276,534

Following the modification in the tax status of ORES Assets that will become subject to income tax as from 1st January 2015, temporary differences arising from assets and liabilities whose changes are recognised in other comprehensive income have also been recognised in this caption as prescribed by IAS 12 – Income Taxes (see also the IFRS 2014 Annual Report for further details).

This is particularly the case for the outstanding hedging IRS at year-end 2015, on which a downward trend of the deferred tax assets recorded in 2015 led to the recognition of a deferred tax of € 4.6 million related to the favorable evolution of the IRS at year-end 2015 (see note 27). A deferred tax income of € 29.1 million has been booked in relation with the application of IFRIC 14 which obliges us to limit our plan assets to the commitments calculated on their average remaining period. This leads to an increase of the provisions related to employees benefits (see note 22).

The deferred tax expense recognized in 2014 in other comprehensive income for € 297.8 million related to the revaluation of the Regulated Asset Base (RAB) booked in 2001 and 2002 for which the residual value as of 31 December 2014 was € 876 million (see the accounting policy A.6).

As prescribed by IAS 12 – Income Taxes, the variation of a deferred tax liability related to the revaluation of fixed assets should be recognized in the consolidated income statement of the Group, as it has been done in 2015 for an amount of € 6.9 million.

In respect to IAS 8, figures of the year 2014 have been restated at the deferred tax level in order to take into account the adjustment related to the deferred tax liability on the revaluation of the Regulated Asset Base (RAB). This has led to recognize in 2014 an additional deferred tax expense of € 92.5 million (see the note related to the adjustments over 2014).

NOTE 24 B - DEFERRED TAXES

(Amounts in k€)

OVERVIEW OF DEFERRED TAX ASSETS AND LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE:	Assets		Liabilities		
	31/12/2015	31/12/2014	31/12/2015	31/12/2014 Restated	31/12/2014
Intangible assets			(2,290)	(2,522)	(2,522)
Property, plant and equipment			(74,856)	(63,909)	(63,909)
Retained earnings			(290,876)	(297,802)	(205,327)
Investments in associates			0	(1)	(1)
Trade and other operating receivables			0	(3,651)	0
Cash and cash equivalent			(59)	0	0
Other current assets	23,123	27,794			
Provisions for employee benefits	60,569	50,013			
Other provisions			(2,900)	(344)	(344)
Other non-current liabilities	9,187	13,747			
Other payables			(28)	(261)	(261)
Other current liabilities	459	228		0	0
Total temporary differences	93,338	91,782	(371,009)	(368,490)	(272,364)
Deferred tax assets/(liabilities)	93,338	91,782	(371,009)	(368,490)	(272,364)
Offsetting of tax (1)	(93,338)	(91,782)	93,338	91,782	91,782
TOTAL, NET	0	0	(277,671)	(276,708)	(180,582)

OVERVIEW OF DEFERRED TAX ASSETS AND LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE:	Net		
	31/12/2015	31/12/2014 Restated	31/12/2014
Intangible assets	(2,290)	(2,522)	(2,522)
Property, plant and equipment	(74,856)	(63,909)	(63,909)
Retained earnings	(290,876)	(297,802)	(205,327)
Investments in associates	0	(1)	(1)
Trade and other operating receivables	0	(3,651)	0
Cash and cash equivalent	(59)	0	0
Other current assets	23,123	27,794	27,794
Provisions for employee benefits	60,569	50,013	50,013
Other provisions	(2,900)	(344)	(344)
Other non-current liabilities	9,187	13,747	13,747
Other payables	(28)	(261)	(261)
Other current liabilities	459	228	228
Total temporary differences	(277,671)	(276,708)	(180,582)
Deferred tax assets/(liabilities)	(277,671)	(276,708)	(180,582)
Offsetting of tax (1)	0	0	0
TOTAL, NET	(277,671)	(276,708)	(180,582)

[1] According to IAS 12 – Income Taxes, deferred tax assets and liabilities should be offset, under certain conditions, when they relate to income tax of a same tax authority.

(Amounts in k€)

MOVEMENT OF DEFERRED TAX BALANCES	OPENING BALANCE	OPENING BALANCE RESTATED	RECOGNISED IN INCOME STATEMENT	RECOGNISED IN OTHER COMPREHENSIVE INCOME	RECOGNISED DIRECTLY IN EQUITY	CLOSING BALANCE
Temporary differences						
Intangible assets	(2,522)	(2,522)	232			(2,290)
Property, plant and equipment	(63,909)	(63,909)	(10,947)			(74,856)
Property, plant and equipment - Revaluation	(205,327)	(297,802)	6,926			(290,876)
Investments in associates	(1)	(1)	1			0
Trade and other receivables		(3,651)	3,651			0
Cash and cash equivalent		0	(59)			(59)
Other current assets	27,794	27,794	(4,671)			23,123
Provisions for employee benefits	50,013	50,013	(18,494)	29,050		60,569
Other provisions	(344)	(344)	(2,556)			(2,900)
Other non-current liabilities	13,747	13,747		(4,560)		9,187
Other payables	(261)	(261)	233			(28)
Other current liabilities	228	228	312	(81)		459
Total temporary differences	(180,582)	(276,708)	(25,372)	24,409	0	(277,671)
Tax credits and tax losses carried forward						
Tax credits						0
Tax losses carried forward						0
Total tax credits and tax losses carried forward	0		0	0	0	0
TOTAL, NET	(180,582)	(276,708)	(25,372)	24,409	0	(277,671)

RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS FOLLOWS	31/12/2015	31/12/2014 Restated	31/12/2014
Deferred tax assets			
Deferred tax liabilities	(277,671)	(276,708)	(180,582)
	(277,671)	(276,708)	(180,582)

NOTE 25 - SUBSIDIARIES

OVERVIEW OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST	PROPORTION OF VOTING POWER HELD	REPORTING PERIOD	PRINCIPAL ACTIVITY
ORES scrl	Belgium	99,68%	99,68%	December	Energy network operator

Ores's shareholding is made out of the following associations of municipalities ("intercommunales"):

	% PARTICIPATION	NUMBER OF SHARES
ORES Assets	99,68%	2452
RESA	0,04%	1
IPF IDEFIN	0,04%	1
IPF IPFH	0,04%	1
IPF FINEST	0,04%	1
IPF SOFILUX	0,04%	1
IPF FINIMO	0,04%	1
IPF SEDIFIN	0,04%	1
IPF IEG	0,04%	1
	100,00%	2,460

In 2013, ORES Assets sold seven shares of ORES scrl to the financing association of municipalities ("intercommunales pures de financement") as well as one share to RESA (formerly Tecteo). This resulted in the recognition of non-controlling interest in the consolidated financial statements for an amount of € 31 thousand.

There is no investment in which we own more than 50% of the voting rights and that are not consolidated.

There is no investment in which we own less than 50% of the voting rights and that are consolidated.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the parent company in the form of cash dividends, or repayment of loans and advances.

NOTE 26 – INVESTMENTS IN ASSOCIATES

OVERVIEW OF ASSOCIATES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST	PROPORTION OF VOTING POWER HELD	FAIR VALUE OF THE INVESTMENT IN ASSOCIATES (7)	PRINCIPAL ACTIVITY
Index'is	Belgium	30%	30%	N/A	Metering IT support to ORES economical group and EANDIS economical group
Atrias	Belgium	16,67% (8)	16,67% (8)	N/A	Metering IT support to ORES economical group, EANDIS economical group and other GRDs in Belgium

(7) For which there are published price quotations.

(8) The percentage of capital and voting rights owned in Atrias amounted to 25% in 2011.

The Ores group has a significant influence on the company Atrias thanks to its membership on the Board of Directors but also because decisions related to investments and budgets are taken unanimously. In case of deadlock, a three-quarters majority is required.

Regarding Index'is, following the sale agreement signed in 2015 with Eandis, the participation measured at fair value (€ 986 thousand) has been reclassified from the "Investments in associates" to "Assets held for sale" in the consolidated IFRS financial statements of 31 December 2015. This sale was conducted at the beginning of 2016 without any gain or loss of value for the ORES group (see note 32 on the assets held of the sale).

MOVEMENTS IN THE INVESTMENTS IN ASSOCIATES	31/12/2015	31/12/2014
Balance at 1 January	989	989
Acquisition of investment		
Disposal of investment	(986)	
Balance at 31 December	3	989
Goodwill included in carrying amount of investments in associates	0	0

(Amounts in k€)

SUMMARISED FINANCIAL INFORMATION	INDEX'IS 31/12/2015	INDEX'IS 31/12/2014	ATRIAS 31/12/2015	ATRIAS 31/12/2014	TOTAL 31/12/2015	TOTAL 31/12/2014
Sales and other operating revenues		23,294	9,610	5,823	9,610	29,117
Profit (loss) before interest and taxation		40	113	55	113	95
Finance costs and other finance expenses		(15)	(60)	(22)	(60)	(37)
Profit (loss) before taxation		25	53	33	53	58
Taxation		(25)	(53)	(33)	(53)	(58)
Profit (loss) for the year	0	0	0	0	0	0
Profit (loss) attributable to owners of the company						
Non-current assets		2,269	17,592	5,147	17,592	7,416
Current Assets		8,125	7,940	7,451	7,940	15,576
Total Assets	0	10,394	25,532	12,598	25,532	22,992
Non-current liabilities					0	0
Current liabilities		7,107	25,514	12,580	25,514	19,687
Total Liabilities	0	7,107	25,514	12,580	25,514	19,687
Net assets	0	3,287	18	18	18	3,305
Group's share of net assets	0	986	3	3	3	989
Loan made by group companies to associates		1,020	4,023	1,652	4,023	2,672

NOTE 27 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Following hierarchy used by the entity for determining the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Amounts in k€)

	31/12/2015			
ANALYSIS OF FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE BY LEVEL OF THE FAIR VALUE HIERARCHY	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL FAIR VALUES
Financial assets				
Unlisted equity instruments		841		841
Trade receivables		170,588		170,588
Other receivables		45,882		45,882
TOTAL FINANCIAL ASSETS	0	217,311	0	217,311
Financial liabilities				
Trade payables		152,403		152,403
Other payables		51,085		51,085
Interest rate swaps		30,168		30,168
TOTAL FINANCIAL LIABILITIES	0	233,656	0	233,656

(Amounts in k€)

	31/12/2014 - Restated			
ANALYSIS OF FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE BY LEVEL OF THE FAIR VALUE HIERARCHY	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL FAIR VALUES
Financial assets				
Unlisted equity instruments		841		841
Trade receivables		168,881		168,881
Other receivables		49,215		49,215
TOTAL FINANCIAL ASSETS	0	218,937	0	218,937
Financial liabilities				
Trade payables		144,204		144,204
Other payables		61,900		61,900
Interest rate swaps		43,823		43,823
TOTAL FINANCIAL LIABILITIES	0	249,927	0	249,927

Description of the methods used for determining the fair value of derivatives

- For derivative financial instruments :

  Fair value is determined based on the estimated future cash flows and the interest rate curves.

- For the trade receivables and trade payables, as well as other receivables and payables :

  The fair value is presumed equal to the book value.

We refer to note 17 for an analysis of the evolution of the fair value of the IRS.

NOTE 28 - DERIVATIVE INSTRUMENTS

(Amounts in k€)

OVERVIEW OF DERIVATIVE INSTRUMENTS	Positive fair values		Negative fair values	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Derivative instruments used in cash flow hedges				
Interest rate swaps			30,168	45,694
	0	0	30,168	45,694
of which: non-current			27,029	43,342
of which: current			3,139	2,352

HEDGING POLICY WITHIN THE GROUP

A change in interest rates has an impact on the financial expenses. To reduce this risk to a minimum, the Group applies a policy of funding which seeks to achieve an optimal balance between fixed and floating interest rates. In addition, hedging instruments are used to hedge the uncertain evolutions. The funding policy takes into account the difference in maturity of the loans and life of the assets. These three points (interest rate, maturity of the loans and use of hedging derivatives) have been decided by the governing bodies of ORES Assets and ORES scrl, which helped to determine the necessary financial policy of proactive debt management.

In order to mitigate the interest rate risk, the Group uses derivative financial instruments such as interest rate swaps (variable rates into fixed rates). Within the Group, debt management and market data are carefully monitored. No derivatives are used for speculative purposes.

Despite another decrease in the average Euribor rates in 2015, from 0.0148% at the end of 2014 to -0.079% at year-end 2015, the evolution of the fair value of the swaps remains positive (€ +13.7 million). This is firstly explained by the significant decrease in the total notional amount of the swaps in 2015 (€ -238 million), as they related to the matured bank loans reimbursed during the year; these swaps had a negative fair value of € 3.4 million at year-end 2014. Secondly, the evolution is also explained by the higher long-term rates which reduces the interest of the secondary market on our swaps and results in a decrease of the fair value of several swaps in our portfolio.

Therefore, the reinvestment allowance the Group should pay to cancel swaps contracts is lower by € 13.7 million compared to 31 December 2014, generating the gain recorded on 31 December 2015.

NOTE 29 - RELATED PARTIES

Transactions mentioned here below are those performed with all related parties (exception made of the consolidated related parties) including:

1) Majority shareholders and all companies directly or indirectly owned by them;

2) Shareholders with a significant influence;

3) Associates or joints ventures;

4) Group's key personnel;

5) Other significant related parties.

31/12/2015	AMOUNTS RECEIVABLE		AMOUNTS PAYABLE			STATEMENT OF COMPREHENSIVE INCOME			
NAME OF RELATED PARTY AND TYPE OF RELATIONSHIP	AFTER ONE YEAR	WITHIN ONE YEAR	AFTER ONE YEAR	WITHIN ONE YEAR	OTHER SIGNIFICANT FINANCIAL COMMITMENTS	TURNOVER	OTHER OPERATING IN COME	COST OF SALES	OTHER OPERATING EXPENSES
Electrabel S.A - Supplier IT services				5,122					(3,167)
Electrabel S.A - Supplier Leases (ORES Lessee)									(5,829)
Electrabel S.A - Supplier Insurrance services									(2,414)
Electrabel S.A - Supplier Electricity purchase				8,520				(53,877)	(1,417)
Electrabel S.A - Customer Transit Fees		47,407				538,420			
Electrabel S.A Customers Leases (ORES lessor)		559					498		
Cofely - Fabricom S.A Subcontractor services				1,361					(14,727)
Index'is - Customer Accounting services		28					275		
Index'is - Supplier Metering IT services				758					(5,995)
Index'is Shareholder funding									
Atrias Shareholder funding	4,023								
Atrias - Customer Accounting services		13					128		
Atrias - Supplier IT services - Projects				214					(1,672)
Laborelec Consultancy services				23					(2,484)
Contassur RH services				63					(302)
GDF Suez Insurance services				413					(1,408)
N-Allo Call center				413					(6,477)
IPFH Lane fees								(13,252)	
Tractebel Consultancy services				54					54
	4,023	48,007	0	16,942	0	538,420	902	(67,129)	(45,838)

31/12/2014 NAME OF RELATED PARTY AND TYPE OF RELATIONSHIP	AMOUNTS RECEIVABLE		AMOUNTS PAYABLE			STATEMENT OF COMPREHENSIVE INCOME			
	AFTER ONE YEAR	WITHIN ONE YEAR	AFTER ONE YEAR	WITHIN ONE YEAR	OTHER SIGNIFICANT FINANCIAL COMMITMENTS	TURNOVER	OTHER OPERATING IN COME	COST OF SALES	OTHER OPERATING EXPENSES
Electrabel S.A - Supplier IT services				163					(3,014)
Electrabel S.A - Supplier Leases (ORES Lessee)									(69)
Electrabel S.A - Supplier Insurrance services				230					(4,473)
Electrabel S.A - Supplier Power purchase				4,399				(44,381)	(1,988)
Electrabel S.A - Supplier Diverse services									(1,382)
Electrabel S.A Customers Transit Fees		39,448				509,150	266		
Electrabel S.A Customers Leases (ORES lessor)		427					636		
Cofely - Fabricom S.A Subcontractor services				607					(16,060)
Index'is - Customer Accounting services		27					270		
Index'is - Supplier Metering IT services				1,307					(8,803)
Index'is Shareholder funding	1,020				2,580				
Atrias Shareholder funding	1,652				399				
Atrias - Customer Accounting services		13					128		
Atrias - Supplier IT services - Projects				(504)					(1,317)
Laborelec Consultancy services				574					(2,200)
Contassur RH services				65					(245)
GDF Suez Insurrance services									(261)
N-Allo Call center				854					(6,192)
IPFH Lane fees								(14,435)	
Tractebel Consultancy services				18					(23)
	2,672	39,915	0	7,713	2,979	509,150	1,300	(58,816)	(46,027)

Regarding bank borrowings, it is important to note that Walloon municipalities and the private shareholders have provided guarantees for some borrowings for a total amount of € 700 million or 35.15% of the total bank financial debt at year-end 2015 (against € 758.4 million, or 39.73% of the total bank debt in 2014).

EMPLOYEE BENEFITS TO KEY MANAGEMENT PERSONNEL	31/12/2015	31/12/2014
Short term employee benefits	1,656	1,676
Post employment benefits		
Present value defined benefit obligation	3,235	3,104
Net period pension cost	15	120
Other long-term benefits		
Present value defined benefit obligation	386	371
Net period pension cost	12	12
	3,648	5,283

The Executive Management is composed by the members of the Board Directors of ORES SCRL and by the members of the Executive Committee of ORES SCRL.

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

	Estimated financial impact	
NATURE	STATEMENT OF FINANCIAL POSITION	STATEMENT OF COMPREHENSIVE INCOME
Proposed dividend to the AGM in 2016	71,116	
	71,116	0

A cooperation agreement between the three Regions has been reached on 13 February 2014. The agreement provides that the legislation related to the organization and operation of bi-regional inter-municipalities and administrative supervision, applicable to each municipality and region, is the one of the Region where the public shareholders own the biggest portion of the shareholding.

As a result of the Special Law dated 6 January 2014 related to the sixth reform of the State, the control of distribution tariffs of electricity and gas has been transferred on 1 July 2014 from the federal regulator to the regional regulator. Consequently and since 1 July 2014, the regulators are the Walloon Energy Commission ('Commission Wallonne pour l'Energie' here after the "CWaPE") in the Walloon Region and the Flemish Regulator of the Electric and Gas markets ('Vlaamse Regulator van de Elektriciteits-en Gasmarkt' here after the "VREG") in the Flemish Region. However, the tariff methodologies defined by the regional regulators are fundamentally different and regional distribution system operators are obliged to prepare distinct financial statements and tariffs for each Region.

As a consequence, operators, network operators and municipalities reflected together and everybody considered as relevant a territorial rationalization on a regional basis of the inter-municipalities for energy distribution (previously bi- regional).

In 2015, only the municipality of Frasnes-lez-Anvaing deliberated positively regarding the standardization of its territory into the network of ORES Assets. As a result, the Board of Directors, at its sitting of 16 December 2015, adopted a detailed report on the positive valuation to transfer the whole territory of Frasnes-lez-Anvaing and its affiliates to ORES Assets (previously managed by Gaselwest). This transfer is applicable from 1 January 2016.

Other Flemish and Walloon municipalities are concerned by the legal and regulatory changes and the municipalities' representatives are still discussing how to proceed to the same type of operation in 2016.

NOTE 31 – MANAGEMENT OF FINANCIAL RISKS

1. CREDIT RISK

The credit risk is the risk that the debtor does not fulfil its initial obligation to reimburse a "credit". Its components are the counterparty risk, the liquidity risk, the risk linked to the activity or to the structure of the counterparty, the sector risk, the financial risk and, finally, the political risk.

The group deals with credit risk in diverse ways. Concerning the treasury and investments, the group's excess cash is either deposited on financial institutions accounts or invested in different diversified obligations issued by companies fulfilling strict selection criteria.

Concerning the trade receivables, a distinction should be made between:

- Receivables related to transit fees for which the Group obtains bank guarantees and conducts balance sheet analyses before determining the payment terms and conditions.
- Receivables related to public service obligations (energy supply) and works for which the Group hired two factoring companies until 30th June 2015. Afterwards, a new single contract has been granted for the 2015 second semester.

(Amounts in k€)

MAXIMUM EXPOSURE TO CREDIT RISK	31/12/2015	31/12/2014 Restated
Trade and other receivables	216,470	218,096
Financial assets available for sale	841	841
Assets classified as held for sale	11,176	0
Cash and cash equivalents	108,910	128,001
	337,397	346,938

2. LIQUIDITY RISK

The liquidity risk is the risk that an entity faces difficulties to fulfil its obligations related to financial instruments.

The liquidity risk is related to the group's necessity to obtain the external funding it needs to realise its investments program and to re-finance its existing financial debts amongst other things.

The financial policy aims to cover the financial needs of the year and to maintain a cash surplus position. The liquidity risk is limited by this last point and by the diversification of financing sources.

Depending on the market conditions, the Group has implemented a financing strategy sufficient for the current year or even for several years via the issuance of bonds for an amount of € 350 million in October 2012 and € 80 million in July 2014. Again, early 2015, the Group issued two bonds for a total amount of € 200 million which allowed to cover the financial needs of the year. The Group also emitted short term treasury bills for a value of € 50 million.

Regarding the upholding of cash surplus, the Group's cash position amounts to € 109 million at 31 December 2015 (2014: € 128 million - see note 14). The breakdown of credit lines contracted by the Group is detailed in note 16.

MATURITY ANALYSIS (BASED ON UNDISCOUNTED FUTURE FINANCIAL FLOWS)

31/12/2015	Carrying amount	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Trade and other receivables	216,470	216,470						216,470
Financial assets available for sale	841						841	841
Assets classified as held for sale	11,176	11,176						11,176
Cash and cash equivalent	108,910	108,910						108,910
Total Assets	**337,397**	**336,556**	**0**	**0**	**0**	**0**	**841**	**337,397**
Derivative financial liabilities	30,168	12,089	12,487	5,042	612			30,230
Borrowings	1,991,689	217,249	341,470	465,863	1,052,740	405,820		2,483,142
Other financial liabilities								0
Trade and other payables	203,488	203,488						203,488
Total Liabilities	**2,225,345**	**432,826**	**353,957**	**470,905**	**1,053,352**	**405,820**	**0**	**2,716,860**
LIQUIDITY RISK TOTAL	**(1,887,948)**	**(96,270)**	**(353,957)**	**(470,905)**	**(1,053,352)**	**(405,820)**	**841**	**(2,379,463)**

31/12/2014 - Restated	Carrying amount	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Trade and other receivables	218,096	218,096						218,096
Financial assets available for sale	841						841	841
Cash and cash equivalent	128,001	128,001						128,001
Total Assets	346,938	346,097	0	0	0	0	841	346,938
Derivative financial liabilities	43,823	15,773	18,341	8,457				42,571
Borrowings	1,909,077	220,301	349,398	314,276	1,256,405	126,641		2,267,021
Other financial liabilities								0
Trade and other payables	206,104	206,104						206,104
Total liabilities	2,159,004	442,177	367,739	322,733	1,256,405	126,641	0	2,515,696
LIQUIDITY RISK TOTAL	(1,812,065)	(96,080)	(367,739)	(322,733)	(1,256,405)	(126,641)	841	(2,168,758)

3. MARKET RISK

The market risk is the risk that the fair value or the future cash flows from a financial investment fluctuates due to market prices variations. The market risk comprises three types of risks:

- Exchange rate (exchange rate risk) - not applicable to the Group;
- Market interest rate (interest rate risk);
- Market price (i.e. shares prices, commodities prices) - not applicable to the Group.

The Group is exposed through its activities mainly to the financial risks associated with changes in interest rates. Indeed, the price risk associated with the SICAV, considered as cash equivalents, is not significant.

INTEREST RATE RISK

To reduce the interest rate risks, the Group has established a policy that aims to balance the interest rates of the debt between fixed and floating rates. To manage the volatility of the interest rate, the Group uses hedging instruments (IRS, cap or structured debt) depending the market situation. The value of those hedging instruments may vary depending on the evolution of the interest rates. The portfolio is managed centrally at Group level and is reviewed periodically.

SENSITIVITY ANALYSIS

METHODS AND ASSUMPTIONS USED IN THE PREPARATION OF THE SENSITIVITY ANALYSIS

The interest rate to use before any change in margin is calculated as follows:

We use the latest rate that prevails on the last working day of the period (31/12) and we calculate the average for the Euribor rates (Euribor 1, 3, 6, 12 months) and for the IRS (for a period of 1 to 30 years). At 31st December 2015, the average Euribor rate is -0.08% (0.15% in 2014) and the average rate on IRS is 0.78% (0.71% in 2014).

Based on these averages, we recalculate the financial flows as at 01/01/N+1.

Then we simulate the impact of an increase of 50 basis points of the rate calculated above. We do the same by simulating the impact of a decrease of 50 basis points in the yield curve calculated above.

The impact in each column is measured at 2 levels:

1) Impact on result before tax (for all instruments): this column represents the difference between the simulated financial charges compared to the financial charges calculated based on the average rate at the end of the reporting period (positive = gain; negative = loss).

2) On equity: this column represents the difference between the book value calculated at the end of the reporting period based on the average rate compared to the simulated book value (outstanding capital or market value – positive = gain; negative = loss).

(Amounts in k€)

31/12/15	+ 50 BASIS POINTS IMPACT ON PROFIT BEFORE TAX	IMPACT ON EQUITY	- 50 BASIS POINTS IMPACT ON PROFIT BEFORE TAX	IMPACT ON EQUITY
Debt	(6,043)		3,832	
IRS	2,877	4,242	(2,821)	(5,118)
	(3,166)	4,242	1,011	(5,118)

31/12/14	IMPACT ON PROFIT BEFORE TAX	IMPACT ON EQUITY	IMPACT ON PROFIT BEFORE TAX	IMPACT ON EQUITY
Debt	(5,277)		1,120	
IRS	3,429	8,242	(947)	(1,418)
	(1,848)	8,242	173	(1,418)

An increase of 50 basis point would lower our result before taxes by € 3.2 million but would also raise our equity by € 4.2 million. A decrease of 50 basis point would raise our result before taxes by € 1 million but would have a negative impact of € 5.1 million on our equity.

4. CAPITAL RISK MANAGEMENT

The Group share capital consists of the capital of ORES Assets scrl. In 2012, it was represented by the eight Walloon DSO's: IDEG scrl, I.E.H. scrl, I.G.H. scrl, Interest scrl, Interlux scrl, Intermosane scrl, Sedilec scrl and Simogel scrl that merged on 31st December 2013 to establish ORES Assets scrl. This merger was effective with retroactive effect as from 1st January 2013 from an accounting point of view.

The capital of ORES Assets is composed of a fixed part (fully subscribed, paid and fixed at € 148,800) and a variable part. The fixed part of the capital is represented by shares A while the variable part is represented by shares A & shares R. Shares A include voting right and right to dividends whereas shares R grant their owner with a priority right to dividends, capped and recoverable, without voting right.

The decision to increase or reduce the fixed part of the capital must be validated by the Shareholders' meeting. This part of the capital varies depending on the admission or exclusion of shareholders and other increases or reductions of variable capital. The variable part may be increased or reduced by a resolution of the Board of Directors and does not require a modifications of the bylaws, but the reimbursement of shares A and R requires the approval of the Shareholders' meeting. In case of a capital increase, the new shares will be offered for subscription to the shareholders in proportion to their participation in the share capital.

An association of municipalities ("intercommunale") must have at least two municipalities as shareholders. Any other private or public legal entity may enter in the shareholding of an association of municipalities.

ORES Assets is a so-called "mixed" association of municipalities because its capital is held, for the major part, by municipalities that are all located in Walloon region, directly or indirectly via a financing association of municipalities ("intercommunale pure de financement"), and by a private shareholder (currently Electrabel) for the left part. 75% of the shares A are held by municipalities and by 7 financing associations of municipalities and 25% are held by Electrabel. Shares R are exclusively held by the financing associations of municipalities and some municipalities.

The Group shareholding can be summarised as follows:

Municipalities and financing associations of municipalities ("intercommunales pures de financement")	75%
Private shareholder (Electrabel SA)	25%

Please note that in 2015, an agreement was reached by both the seven financing associations of municipalities (represented by Intermixt) and Electrabel, planning the exit of the private shareholder at 31 December 2016 instead of 2019 as originally planned.

The regulatory environment in which the Group operates is described in note 3.A.15 in the accounting policies. The rate of return of the fair margin determined by regulation depends particularly on the ratio equity of ORES Assets over Regulated Asset Base (RAB). In its equity management, it is mentioned in the bylaws of ORES Assets to takes into account a 33% ratio of equity to RAB. A 30% equity ratio compared to total balance sheet is also written in the bylaws of ORES Assets.

NOTE 32 - ASSETS CLASSIFIED AS HELD FOR SALE

The assets held for sale concern on one hand, the investment in Index'is for an amount of € 1 million and on the other hand, the municipality of Fourons (€ 10.2 million).

SALE OF THE SHARES OF INDEX'IS

On 12 March 2015, the Board of Directors of Index'is decided to integrate Index'is into Eandis CVBA with effect as from 1st January 2016. It is expected that trough this transaction, Index'is will be dissolved without liquidation and that all of its assets and liabilities will be transferred to Eandis. The method used to determine the exchange ratio is based on the net assets of the two companies at year-end 2014.

The extraordinary General meeting of Index'is which took place on 22 December 2015, approved the merger of the company Index'is by Eandis with an accounting effect as from 1st January 2016. The extraordinary general meeting also approved the dissolution without liquidation of Index'is as of 31 December 2015 midnight.

As a result of this decision, the investment in Index'is measured at fair value (€ 1 million) was reclassified from the "Investments in associates" to "Assets held for sale" in the consolidated IFRS financial statements of 31 December 2015. No gain or loss will be recorded by the Group on this operation as the value of the shares of Index'is has been determined on its net assets value.

MUNICIPALITY OF FOURONS

As described in the note 30 related to post-closing events, the Special Law of 6 January 2014 on the sixth reform of the State transferred on 1st July 2014 the control of electricity and gas distribution tariffs from the federal regulator to the regional regulators.

Consequently and since 1st July 2014, the regulators are the Walloon Energy Commission ('Commission Wallonne pour l'Energie' here after the "CWaPE") in Wallonie and the Flemish Regulator of the Electric and Gas markets ('Vlaamse Regulator van de Elektriciteits-en Gasmarkt' here after the "VREG") in the Flemish Region. However, the tariff methodologies defined by the regional regulators are fundamentally different and regional distribution system operators are obliged to prepare distinct financial statements and tariffs for the each municipalities located in one of these Regions.

As a consequence, operators, network operators and municipalities reflected together and everybody considered as relevant a territorial rationalization on a regional basis of the inter-municipalities for energy distribution (previously bi- regional).

The first transfer concerns the municipality of Fourons. Indeed, the municipality of Fourons and the DSO's rapidly agreed the transfer from Ores Assets to INTER-ENERGA and INFRAX LIMBURG via a partial demerger (excluding the others municipalities associated to ORES Assets). This demerger-absorption operation was completed in December 2015 and the effective transfer of the territory of Fourons occurred on 1st January 2016.

Following this decision, all the assets related to the municipality of Fourons have been reclassified as "assets held for sale" and measured at fair value for an amount of € 10.2 million. It mostly concerns the fixed assets, consisting of the network and valued at € 7.1 million. The rest of the transferred assets mostly relates to the regulatory balances to recover for an amount of € 2.0 million.

At the same time, all the liabilities related to the municipality of Fourons have also been reclassified as "liabilities associated to the assets held for sale". These liabilities mainly relate to a debtor current account with ORES Assets for an amount of € 8.7 million.

A loss of € 0.4 million has been recorded due to this disposal occurred on 1st January 2016. This loss mainly relates to the IFRS carrying amount of the fixed assets as they were valued at their carrying amount under the Belgian GAAP at their disposal date.

(Amounts in k€)

ASSETS	31/12/2015
NON-CURRENT ASSETS	8,122
Goodwill	
Intangible assets	
Property, plant and equipment	7,135
Investments in associates	986
Other non-current assets	1
CURRENT ASSETS	1,087
Inventories	
Trade receivables	270
Other receivables	75
Current tax assets	
Cash and cash equivalents	
Other current assets	741
TOTAL ASSETS EXCLUDING REGULATORY ASSETS	9,209
Regulatory assets	1,967
ASSETS CLASSIFIED AS HELD FOR SALE	11,176

LIABILITIES	
EQUITY	0
Share capital	
Retained earnings	
Other reserves	
Non-controlling interests	
NON-CURRENT LIABILITIES	0
Borrowings	
Provisions for employee benefits	
Other provisions	
Other non-current liabilities	
CURRENT LIABILITIES	8,792
Borrowings	
Trade payables	60
Other payables	8,731
Current tax liabilities	
Other current liabilities	
TOTAL LIABILITIES EXCLUDING REGULATORY LIABILITIES	8,792
Regulatory liabilities	27
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8,818

NET EQUITY OF THE ASSETS CLASSIFIED AS HELD FOR SALE	2,358

composed of :	
Sale of an investment formerly consolidated by the equity method (Index'is)	986
Transfer of the municipality of Fourons	1,372

III. ACCOUNTING POLICIES ORES ASSETS SCRL

A. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Group in the preparation of its consolidated financial statements are described below.

A.1. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements include the Group consolidated financial statements for the year ended 31 December 2015. The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at their fair values.

Functional and presentation currency

The consolidated financial statements are expressed in thousands Euros (€). Euro is the functional currency (currency of the primary economic environment in which the entity operates) used within the Group.

A.2. NEW, REVISED AND AMENDED STANDARDS AND INTERPRETATIONS

The Group has applied the standards and interpretations applicable to the accounting period ended 31 December 2015.

New Standards and Interpretations applicable for the annual period beginning January 1, 2015

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

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2015

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 19 Defined Benefit Plans – Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 1 Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 16 Leases (applicable for annual periods beginning or on after 1 January 2019 but not yet endorsed in EU);
- Amendments to IAS 7 Cash Flows Statements- Initiative concerning the disclosures (applicable for annual periods beginning on or after 1 January 2017 but not yet endorsed in EU);
- Amendments to IAS 12 Income Taxes – Accounting for deferred tax assets for unrealized losses (applicable for annual periods beginning on or after 1 January 2017 but not yet endorse in EU).

The Group has not early adopted any new standard or interpretation published but not yet applicable. With the exception of IFRS 15 - Revenue from contracts with customers and IFRS 16 - Leases, the Group does not expect any significant impact during the application of these new standards or interpretations.

A.3. BASIS OF CONSOLIDATION

As explained in the preliminary note, the eight DSO's have merged on 31 December 2013 with retroactive effect on 1st January 2013 to create ORES Assets (hereafter referred to as ORES Assets or DSO), an electricity and gas Distribution System Operator ("DSO") in Wallonia that holds at 31 December 2015 the exclusive control of its sole subsidiary ORES scrl (hereafter referred to as ORES scrl"). For the preparation of the consolidated financial statements, ORES Assets consolidated its subsidiary using the full consolidation method.

The Group consolidated financial statements incorporate the financial statements of the entities controlled by ORES Assets (its subsidiaries). According to IFRS 10, control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with investee; and
- has the ability to use its power over the investee to affect the amount of the group's returns.

The assessment of control is done on a case-by-case basis in accordance with IFRS 10, IFRS 11 IFRS 12 and IAS 28.

The subsidiaries are the entities controlled by the Group and are consolidated using the full consolidation method when existence of control has been established until the Group ceases to have control over the entity.

An associate is an entity over which the Group has significant influence without controlling it. Associates are consolidated using the equity method when existence of significant influence has been established until the Group ceases to have significant influence over the entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. An investment in a joint venture is accounted for using the equity method from the date on which the existence of joint control has been established until the Group ceases to have joint control over the entity.

All intra-group transactions, balances, income and expenses are eliminated in full during the consolidation process for the preparation of the consolidated financial statements.

A.4. BUSINESS COMBINATIONS AND GOODWILL

When the Group obtains control over an integrated set of assets and activities that meet the definition of a business in accordance with IFRS 3 – Business Combinations, acquiree's assets, liabilities and contingent liabilities are recognised at their fair value at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests over the share acquired in the fair value of the acquiree's net identifiable assets. The goodwill is allocated to the cash-generating units and is not amortised, but is reviewed for impairment annually.

A.5. INTANGIBLE ASSETS

Intangible assets are recognised if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of that asset can be measured reliably.

Intangible assets are initially measured at cost. The cost of an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria in accordance with IAS 38. The cost of an internally-generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Intangible assets acquired in a business combination in accordance with IFRS 3 are measured at their fair values at the date of acquisition.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful life. Amortisation begins when the asset is capable of operating in the manner intended by management.

Software licenses acquired by the Group are recognised at their acquisition cost less accumulated amortisation and any accumulated impairment losses. Internally-generated IT software's are recognised at their cost and development costs if they meet the criteria required by IAS 38.

	USEFUL LIFE
IT software	5 years
Development costs	5 years

Research costs are expensed in the period in which they are incurred. Development costs are capitalised if the criteria for recognition as an intangible assets defined by IAS 38 are met. The capitalised development costs are subsequently amortised linearly over their useful life, taking into account any accumulated impairment losses.

A.6. PROPERTY, PLANT AND EQUIPMENT

As a general rule, the Group is the legal owner of the property, plant and equipment consisting of the network installation, buildings, lands, vehicles, furniture and tools.

Property, plant and equipment are recognised as assets at acquisition or production cost if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The cost of an item of property, plant and equipment comprises its purchase or production price and any costs directly attributable to the location and condition necessary for its operation, including the initial estimation of the dismantling and removing the asset and restoring the site on which it is located, if applicable.

Transfers of assets from customers related to the connections to the network are not deducted from the value of the items of property, plant and equipment to which they are related but are recognised as turnover in accordance with IFRIC 18 – Transfers of Assets from Customers.

After their initial recognition at historical cost, property, plant and equipment owned by the Group are depreciated using the straight-line method and are carried on the balance sheet at cost less accumulated depreciation and impairment. Depreciation begins when the asset is capable of operating in the manner intended by management. The components of an item of property, plant and equipment with a significant cost and different useful lives are recognised separately. Lands are not depreciated.

At the end of each reporting period, the Group proceeds to the disposal of items of property, plant and equipment that are no longer in service. The carrying amount of the property, plant and equipment that are abandoned is then derecognised.

Since 2003, with the liberalization of the energy market, activities of associations of municipalities active in the electricity and natural gas sector have been gradually centralized essentially on their role of electricity and gas distribution system operator, monopolistic activity for which a regulatory framework exists including tariff methodology. The electricity and gas DSO's (which became in 2013 ORES Assets scrl), having a technical inventory allowing to justify the tangible assets, defined the initial values of the net equity as of 31 December 2001 (for electricity) and of 31 December 2002 (for gas) based on the economic value of this inventory. Initial values (iRAB)were officially approved by the regulator and confirmed in 2007 based on values as of 31 December 2005 for electricity and of 31 December 2006 for the gas. The value of the revaluation recognised in the books is the difference between the value of the iRAB as approved by the regulator and the book value of the tangible assets at these dates.

The value of the regulated asset is critical in determining the fair margin attributed to the DSO for a given reporting period, and therefore the tariffs applicable in a given regulatory period. A complete description of the regulatory mechanism is provided in section A.15 below.

Depreciation rates used by the Group have been defined in the decisions of the 16th August 2014 regarding the business transit tariff methodology for gas and electricity 2015-2016. These rates reflect a good estimate of the useful life of property, plant and equipment for the sector in which the Group operates. The residual value is always presumed to be zero at the end of the useful life of an asset. The following table details the depreciation rates:

PROPERTY, PLANT AND EQUIPMENT	DEPRECIATION RATE
Lands	0%
Industrial buildings	3% (33 years)
Administrative buildings	2% (50 years)
Gas lines	2% (50 years)
Cables	2% (50 years)
Lines	2% (50 years)
Signaling of optical fibers network	4% (25 years)
Stations and cabins (High Voltage and Low Voltage equipment)	3% (33 years)
Connections – Transformations	3% (33 years)
Connections – Wires and cables	2% (50 years)
Measurement equipment	3% (33 years)
Electronic meters, budget meters	10% (10 years)
Low Voltage Smart Electronic meters	6.67% (15 years)
Remote control, equipment lab and dispatching	10% (10 years)
Data transmission and optical fibers	10% (10 years)
Furniture and equipment	10% (10 years)
Vehicles	20% (5 years)
Administrative equipment (IT hardware)	33% (3 years)

A.7. IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that assets have suffered an impairment loss. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset is impaired when its carrying value is higher than its recoverable amount. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of an asset's fair value less costs of disposal and its value in use. If it is not possible to estimate the recoverable amount for the individual asset, the Group estimates the recoverable amount for the CGU to which it belongs.

Cash-generating units are defined as the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group is structured in eight operating segments and has therefore defined its CGUs as the eight operating segments with a distinction between electricity and gas activities within each of them.

Goodwill is reviewed annually for impairment. Goodwill is allocated to the CGUs on a consistent basis with the key used in allocating the expenses incurred by ORES scrl between the segments for a given energy (based on the connection points or EAN).

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior period for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. The increased carrying amount of that asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised for that asset in prior years. Impairment losses on goodwill are never reversed.

A.8. LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The agreements that do not take the legal form of a lease are analysed with reference to IFRIC 4 – Determining Whether an Arrangement Contains a Lease to determine whether or not they contain a lease contract to be accounted for in accordance with IAS 17 – Leases.

Finance leases

Assets held under finance leases by the Group are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation with the same value as the assets. Assets held under finance leases are depreciated over their estimated useful amortized life on the same basis as property, plant and equipment or, if shorter, over the lease term.

Lease payments are apportioned between finance expenses and reduction of the lease obligation.

Assets owned by the Group and leased to third parties under finance leases are derecognised and a receivable is recognised as an asset in the balance sheet for an amount equal to the net investment in the lease contract. The recognition of financial income is made based on pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Operating leases

Assets held by the Group under operating leases are not recognised in the balance sheet. Operating lease payments are recognised as an expense in the period in which they are incurred on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets owned by the Group and leased to third parties under operating leases are recognised in the balance sheet as property, plant and equipment or intangible assets. Rental income from operating lease is recognised as income on a straight-line basis over the lease term. The depreciation method used for the leased assets is consistent with the method used for similar assets.

A.9. INVENTORIESS

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. The net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of inventories are determined by using the weighted average cost.

A.10. FINANCIAL INSTRUMENTS

Financial instruments held by the Group are recognised and measured with reference to IAS 32 and IAS 39. The Group does not enter into or trade financial instruments for speculative purposes. The Group is engaged in financial instruments only for economic hedging purposes.

A.10.1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks, as well as short-term deposits with a maturity of three months or less.

A.10.2. LOANS AND RECEIVABLES

Loans and receivables are financial assets with fixed or determinable payments which are not quoted in an active market. They are initially recognised at their fair value, which in most cases correspond to their nominal value, plus transaction costs. After their initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. An impairment loss is recognised if there is any objective indication that the Group might not recover all the amounts due. Until 31 December 2014, as a general rule, and except if it was not justified, receivables were impaired if they were past due for more than 60 days.

In 2015, the impairment computation method has been modified. The new method gradually increases the impairment on loans and receivables based on defined stages. Following the modification of the impairment computation method and in accordance with IAS 8, the financial statements closed at 31 December 2014 has been restated (see on this subject the preliminary note of this annual report).

During the year 2015, a new public market was also launched in order to allow the recovery of receivables due from energy supply to end customers, as well as receivables related to construction works. This contract foresees a recovery rate by the contractor. The impairment is applied after deduction of the part covered by the factor.

Note that no impairment is made on receivables "network damage" of less than two years and on open receivables to municipalities.

Gains or losses are recognised in the income statement when the financial asset recognised at amortised cost is derecognised or impaired.

A.10.3. EFFECTIVE INTEREST RATE METHOD

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest incomes or expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash inflows or outflows through the expected life of the financial instrument or, where appropriate, a shorter period so as to determine the net carrying amount for the financial asset or the financial liability.

A.10.4. BORROWINGS

The Group is financed through conventional loans and treasury bills or bonds. Borrowings contracted by the Group are financial liabilities that are initially measured at their fair value less transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method less repayments of principal. Interest expense is recognised using the effective interest rate. Costs related to the issuance of bonds or treasury bills are deducted from the debt at the date of issue and are taken into account in calculating the effective interest rate in order to replenish the amount of debt.

A.10.5. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments like interest rate swap (from 5 to 10 years) or interest rate caps to manage its exposure to interest rates arising from operating, financing and investing activities.

The accounting treatment of the derivative financial instruments depends on their designation or not as a hedging instrument and on the nature of the hedge relationship. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately, unless the derivative is designated as an hedging instrument and the hedge is effective.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the financial instrument is more than 12 months. In case of a maturity below 12 months, they are presented as a current assets or a current liability.

A.10.6. HEDGE ACCOUNTING

The Group designates certain hedging instruments as cash flow hedge in order to hedge the group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or a liability, a firm commitment or a highly probable forecast transaction that could affect the income statement. Hedge accounting related to fair value hedge is not applied by the Group in this case. The Group applies hedge accounting with respect to the interest rate swaps, while the interest rate caps are not designated as hedging instruments in a hedge relationship.

In accordance with IAS 39, the hedge relationship must be formally designated and documented. Documentation must include the link between the hedge relationship and the risk management, the relationship between the risk and the hedging instrument, the hedged position, the nature of the hedged risk and the technique used to assess whether the relationship is effective or not.

The hedge relationship must be highly effective in achieving offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk and a reliable estimate of the effectiveness can be made. To be highly effective in achieving offsetting changes in cash flows attributable to the hedged risk, the actual results of the hedge must be within a range of 80% to 125%.

The effective portion of changes in the fair value of the hedging instrument in a cash flow hedge is recognised in other comprehensive income (equity). The gain or loss relating to the ineffective portion is recognised immediately in the income statement (including the ineffectiveness within the range 80.125%).

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

A.10.7. AVAILABLE-FOR-SALE FINANCIAL ASSETS (AFS)

AFS financial assets include investments in entities that are not consolidated nor recognised using the equity method. AFS financial assets are measured at fair value. Fair value changes on AFS financial assets are recognised directly in other comprehensive income. Once it has been determined that an AFS financial asset is impaired, the cumulative loss that had been recognised directly in equity is recycled in the income statement. AFS financial assets whose fair value cannot be reliably determinable are measured at cost. Measurement at cost is used by the Group for all its AFS financial assets.

A.11. EMPLOYEE BENEFITS

The Group has opted for an early adoption of IAS 19 revised in 2012.

The Group provides to its employees various short and long-term benefits and post-employment benefits, in accordance with the applicable laws in Belgium.

A.11.1. SHORT-TERM EMPLOYEE BENEFITS

When an employee has rendered services to the Group during the reporting period, the Group recognises the non-discounted amount of short-term employee benefits in return of services rendered: as a liability, after deducting the amount already paid (if applicable), and as expenses (unless another IFRS requires or authorises the capitalisation in the carrying amount of an asset).

A.11.2. POST-EMPLOYMENT BENEFITS

Post-employment benefits are classified in 2 categories: defined benefit or defined contribution plans.

Defined contribution plans are measured and recognised according to the "intrinsic value" approach. The method consists in calculating, at the end of the reporting period and for each plan participant, the minimum guaranteed reserve (taking into account an interest rate of 3.75% for employee contributions and 3.25% for employer contributions) and the mathematical reserve. The guaranteed reserve is equal to the higher of the minimum guaranteed reserve and the mathematical reserve. If the guaranteed reserve is higher than the mathematical reserve, there is a deficit. Any deficit must be covered by the employer and an appropriate provision must be recognised in the consolidated financial statements.

Contributions paid with respect to defined contribution plans are recognised as expenses when employees have rendered the services giving rights to those contributions.

Concerning the defined benefit plans, the amount recognised as a net liability (asset) corresponds to the difference between the present value of future obligations and the fair value of the plan assets.

If the calculation of the net obligation gives rise to a surplus for the Group, the asset recognised for this surplus is limited to the present value of any future plan refunds or any reduction in future contributions to the plan.

Cost of defined benefits includes cost of services and net interests on the net liability (asset) recognised in net result (respectively in employee costs for the cost of services, and as financial expenses (income) for the net interests), as well as the revaluations of the net liability (asset) recognised in other comprehensive income.

The present value of the obligation and the costs of services are determined by using the projected unit credit method and actuarial valuations are performed at the end of each reporting period.

The actuarial calculation method implies the use and formulation of actuarial assumptions by the Group, involving the discount rate, evolution of wages, medical costs inflation, employee turnover and mortality tables. These actuarial assumptions correspond to the best estimations of the variables that will determine the final cost of post-employment benefits. The discount rate reflects the rate of return on high quality corporate bonds with a term equal to the estimated duration of the post-employment benefits obligations.

A.11.3. OTHER LONG-TERM EMPLOYEE BENEFITS

The accounting treatment of the other long-term employee benefits is similar to the accounting treatment for post-employment benefits, except for the fact that revaluations of the net liability (asset) are accounted for in the income statement instead of being recognised in other comprehensive income.

The actuarial calculations of post-employment obligations and other long-term employee benefits are performed by independent actuaries.

A.12. PROVISIONS

A provision is recognised when the Group has a present obligation (legal or constructive), at the end of the reporting period, as a result of a past event with probable outcome that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation. Provisions with a term equal to or above 12 months are discounted if the effect of discounting is material. Provisions recognised by the Group mainly relate to litigation and risks related to the clean-up of polluted soils.

Environmental liabilities

The Group regularly analyses all its environmental risks and the corresponding provisions. Main environmental risks are related to sites that present a significant level of pollution. The amount of the provisions recognised to cover those risks are based on the best estimate of the resources that will be necessary to settle the obligation, in terms of study fees and clean-up of the concerned soils, on the basis of valuation analyses prepared by independent experts. The Group measures those provisions to the best of its knowledge of applicable laws and regulations depending on the extent of the pollution and the studies that need to be performed concerning the environmental impact.

A.13. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred.

A.14. FINANCIAL INCOME AND EXPENSES

Financial expenses comprise the interests on borrowings and financial debts calculated using the effective interest rate method, as well as the increase in provisions following the unwinding of discount due to the time evolution.

Financial income comprises the interests income on investments recognised using the effective interest rate method, as well as dividends recognised when the right of the Group to receive those payments has been established.

Changes in the fair value of derivative financial instruments held by the Group that are not designated in a hedge accounting relationship are presented as financial expenses or financial income.

A.15. REVENUE RECOGNITION

A.15.1 EVOLUTION OF THE REGULATORY ENVIRONMENT IN 2015

Since 1st of July 2014, the CWaPE has gained full authority on the control of tariffs for the public distribution of natural gas and electricity. The exercise of these rights implies for the Walloon regulator to approve or modify the tariff methodology, the distribution tariffs but also take decisions regarding the regulatory balances.

For the years 2015 and 2016, the CWaPE would like to set a 'transition period', during which, their defined tariff methodologies would be in continuity with the tariff methodologies fixed by the "Tariff Orders" which were the basis for tariff approval of the 2009-2012 regulatory period (extended by the CREG until end 2014).

In 2015, the CWaPE decided to define de 2017 tariff methodology in line with the tariff methodology established for the regulatory period 2015-2016. Consequently, preparatory works have been taking place during the second semester of 2015 and a public consultation was initiated which led to the adoption of the 2017 tariff methodology on 11th February 2016. It is also during the 2015 exercise that the first discussions on the 2018-2022 tariff methodology began.

The principles, structure and methodology of fixing the 2015-2016 Walloon tariffs are set out in the Walloon Decree of 11 April 2014 and in the 2015-2016 tariff methodology . The tariff model that has been applied in tariff methodologies since the beginning of the liberalization of the energy market in Wallonia is the Cost plus Model.

According to the 2015-2016 transitional regime (drawing on principles applicable during the 2009-2012 regulatory period extended by the CREG until the end of 2014), the total income of a DSO includes among others the following three elements:

- The reimbursement of all the management costs deemed reasonable to perform the duties of DSO during the regulatory period, including the management costs supporting the public service obligations;
- A fair profit margin for the capital invested in DSOs and amortization expense;
- The surcharges to include in the tariff.

Similar to the CREG, the CWaPE distinguishes "manageable costs" and "non-manageable costs". All costs on which the DSO has direct control are considered as manageable costs; the costs on which the DSO does not exercise direct control are considered to be non-manageable costs (Grid fee, depreciation ...).

Regulated asset

To calculate the fair profit margin of the DSO, a value of the regulated asset - corresponding to the value of the regulated fixed assets of the DSO (the "RAB") (Regulated Asset Base) - must be defined.

Compared to the Creg, three alterations were made in the 2015-2016 tariff methodology. First, the regulated assets acquired before 1 January 2014 are included in the "regulated primary asset base" while those acquired after 1 January 2014 are included in the "regulated secondary asset base".

Secondly, the CWaPE authorized the DSOs to include in the "regulated secondary asset" the IT softwares considering their critical importance to the proper functioning of the DSOs. Finally, conversely to the tariff methodology applicable during the period 2009-2012 (extended by the CREG until end 2014), the RAB taken into account for the computation of the return on invested capital no longer includes the net working capital requirement.

Return percentage

At the level of the financing structure, the CWaPE maintained the theoretical funding structure advocated by the CREG namely 33% of the equity and 67% of the borrowed funds; the excess part of the 33% of the equity being less compensated.

The remuneration or return percentage used for the fair return on invested capital (share capital and other equity items) by partners in DSOs is in the Tariff Orders as in the tariff methodology from 2015 to 2016, calculated based on the following formula:

- Equity ≤ 33% of the RAB : Remuneration = (Risk-free Interest rate + market risk premium ß *) * Illiquidity factor
- Equity> 33% of the RAB: Remuneration = Bonds Risk-free Interest rate + 70 basis points

Where :

- Market risk premium = 3.50% ;
- ß = Bêta = 0,65 for electricity et 0.85 for gas ;
- Illiquidity factor= 1,2 (if the DSO is unlisted)

[10] *Decisions CD- 2 :16 p.m. –CwaPE of 14 August 2014 on transitional tariff methodology applicable to electricity distribution system operators and gas assets in Wallonia for the period 2015-2016.*

- Risk-free rate: is different depending on the applied tariff methodology. This may be the actual average return on the 10 years linear bonds of the Belgian State on the secondary market issued during the year concerned (applied to the secondary RAB) or issued during the year 2013 (applied to the primary RAB).

In the 2015-2016 tariff methodology, this formula is applied differently depending on whether the primary RAB is used, in which the primary percentage is applied, or the secondary RAB is used, in which the secondary rate is applied.

Return applied to the regulated primary asset or primary return

This is a guaranteed return percentage for the regulatory period. The formula defining the computation of this percentage is given above. Nevertheless, the value of the ratio equity to RAB is set individually for each DSO according to its balance sheet structure as of 31 December 2013 and will not be re-evaluated during the regulatory period. In addition, the value of risk-free rate is fixed to the value of the average return OLO bonds with a ten years maturity, issued in 2013. The return percentage defined ex-post is then frozen and will not be recalculated during the tariff period.

Return applied to the regulated secondary asset

The formula defining this return computation is also defined above. The first difference with the primary return is the value of risk-free rate which is calculated ex-ante on the basis of forecasted values, including the return of OLO with a ten-year period as published by the federal Planning Bureau.

This value will then be reviewed annually ex-post based on the actual value of the parameters, including the average return of the OLO with a maturity of ten years, issued during the year concerned. For the regulatory period 2015-2016, an increase of 100 basis points is added to the value of the secondary return percentage obtained. The actual fair profit margin of the secondary RAB will be re-evaluated during each year of the regulatory period, on basis of the adjustments done to the RAB, to the financial structure and to the average risk-free rate of the OLOs 10 years that year.

Comparison of the "CWaPE method" return with the "CREG method" return

It is possible that the fair margin determined according to the tariff methodology 2015-2016 (CWaPE method) can be less than the fair margin that would have been determined by application of the tariff methodology following the Tariff Orders (CREG method). To overcome this eventuality and avoid generating losses for the shareholders of the DSOs, the 2015-2016 tariff methodology guarantees to the DSOs the integration in the tariffs of any differential between the fair margins in the tariffs.

As the "regulated secondary asset" will increase, this difference between the fair margins should reduce and disappear after a few years.

Incentive regulation mechanism

The tariff methodology includes an incentive mechanism (incentives or penalties) which pushes the DSOs to act more productively and efficiently. For the 2015-2016 tariff period, this mechanism has taken the form of a limitation of manageable costs to the 2012 reality of these costs. Indeed, at the end of the 2009-2012 regulatory period, it appeared that the budget made in 2008 did not reflect anymore the reality costs of the DSOs. Therefore, the 2015-2016 tariff methodology sets the cap of the manageable costs based on the actuals manageable costs indexed to the year 2012.

Nevertheless, in order to allow an additional charge, i.e. the network modernization through the implementation of a new clearing house developed by Atrias, the 2015-2016 tariff methodology foresees an revision of the manageable costs' cap which will allow the DSO to integrate this transitional extra cost.

This revision takes the form of a maximum amount in euro per EAN code asset defined for the years 2015 and 2016. A second revision of manageable costs' cap is provided for the investments in smart grids. Ex-post, DSO will have to demonstrate that it allocated an amount equal or exceeding the adjustment amount of the cap granted ex-ante.

Regulatory balances related to the years 2015 and 2016

The 2015-2016 tariff methodology foresees that the balances related to non-manageable costs and volume of the years 2015 and 2016 are fully included in the tariffs and therefore in charge or in favor of the network users. This principle is similar to the mechanism provided by the Tariff Orders.

During the 2015 and 2016 fiscal years, the 2015-2016 tariff methodology also allows the DSOs to begin recovering, through an advance, the balances relating to non-manageable costs and past volumes (from 2008 to 2013). This annual advance corresponds to one-tenth of the cumulative total amount of the regulatory balances related to the 2008-2013 exercises. The CWaPE wants to fully clear the 2008-2014 residual regulatory balances accumulated on the 2018-2022 regulatory period. To do so, the regulator should approve and allocate these balances in the first quarter of 2017.

On 31 December 2015, this allowed the recovery of a part of the regulatory accumulated balances at the end of 2013 for a total amount of € 6.8 million (see the note 01 B).

Tariffs currently applied

The tariff proposals on the territory of the Walloon municipalities managed by ORES Assets were deposited at the CWaPE on 8th September 2014. They were approved by the CWaPE on 5th February 2015 and entered into force on the 1st March of the same year.

Since then, ORES Assets introduced three proposals for periodic tariffs adjustment to reflect the new surcharges of TSO (this proposal was endorsed by the CWaPE on 26th February 2015), the submission of ORES Assets to the corporate income taxes (this proposal was endorsed by the CWaPE on 21st May 2015) and the new ELIA tariffs 2016-2019 approved by the CWaPE on 14th January 2016.

These proposals endorsed by the CWaPE are in force since 1st March 2015 for the TSO surcharges, since 1st June 2015 for the corporate income tax, and since 1st February 2016 for the TSO tariff.

A.15.2. TURNOVER

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of ordinary revenues can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction has to be recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the counterpart received, less discounts, rebates and levies or taxes on the sales.

The Group turnover, corresponding to revenue according to IAS 18, mainly comprises revenue from the following activities:

- Transit fees and sale of energy in the context of public service obligations
- Transfers of assets from customers
- Construction contracts
- Regulatory balances

1. Transit fees and sale of energy in the context of public service obligation

The turnover of the Group is based primarily on revenue and expenses related to transit fees of the network for the distribution of electricity and gas. On behalf of energy suppliers, the Group distributes electricity and gas to homes and companies connected to the network. In terms of electricity, transit fees include the fee for the transportation network that is exclusively managed by Elia. The transportation fee is invoiced to the Group by Elia and is recognised as a cost of sales (cascade principle) leading to a neutral impact on the income statement.

Revenue and expenses related to transit fees and the sale of energy in the context of public service obligations (including protected customers) are recognised when electricity or gas has been supplied to the customers connected to the network in the corresponding period. The amounts recognised as revenue are based on meter readings and on estimations for the unmetered part of the network. These estimates are adjusted at the end of the reporting period with the unmetered transit fee (RTNR) and the unmetered energy (ENR) which are calculated based on the total actual volumes that have transited on the network.

2. Transfers of assets from customers

Transfers of assets from customers in the construction of connections or extensions to the network are presented and recognised as revenue generally when the service of connection or extension takes place.

3. Construction contracts

The turnover of the Group includes incomes from construction contracts for various works such as public lighting or network maintenance. If the end of a construction contract can be estimated reliably, revenues and expenses related to this contract are recognised in the income statement according to the percentage of completion of the contract.

4. Regulatory balances

The authorised revenues determined by law related to the distribution of electricity and gas is based on the one hand, on all the necessary costs to carry out the tasks of the DSO and, on the other hand, on the fair margin for the remuneration of the capital invested in the infrastructure network. The comparison between this allowed revenue on non-controllable costs and amounts recognised as turnover and between the budgeted volumes and the real volumes transited on network determines the annual balances (assets and liabilities) that the DSO will have to pass on the tariffs in subsequent regulatory periods. Annual balances and their impact on future tariffs are subject to approval by the regulator.

A.16. INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax.

A.16.1. IMPÔTS COURANTS

The current tax payable is based on taxable profit for the year. Taxable profit differs from "profit before taxes" as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Taxes related to the distribution of dividends to the private shareholder (applicable until end of 2014) and related to the gas activity are recognised when the dividends to be paid are recognised as a liability.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A.16.2. DEFERRED TAX

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets generally are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, no deferred tax liabilities have been recognised on the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, joint operations, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same tax entity; or on different tax entities but they intend to settle their current tax assets and liabilities on a net basis or to pay their current tax liabilities and to realize their current tax assets simultaneously.

A.16.3. CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax are recognised as an expense or income in the consolidated profit and loss account, except when they relate to items that are recognised outside profit and loss account (whether in other comprehensive income or directly in equity), in which case the current and the deferred tax are also recognised in other comprehensive income or directly in equity.

If the current or deferred tax arises from the initial accounting for a business combination. the tax effect is taken into account in the accounting for the business combination.

A.17. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and group of assets held for sale are classified as held for sale if it is expected that the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only met when the asset (or group held for sale) is available for immediate sale in its current condition, subject only to terms that are usual and customary for sales of such assets (or group held for sale) and when its sale is highly probable. Management must be committed to the sale and it must expect that the sale qualifies for recognition as a completed sale within one year from the date of its filing.

When the Group is engaged in a disposal plan involving a loss of control of a subsidiary, all the assets and liabilities of that subsidiary must be classified as held for sale when the criteria set forth above are met, whether or not the Group keeps a participation which is not giving the control in its ex-subsidiary after the sale.

When the Group is engaged in a sale plan involving the sale of a participation, or part of a participation in an associate or joint venture, the participation or the portion of the participation that will be disposed is then classified as held for sale when the above criteria are met and the Group ceases to use the equity method for the part classified as held for sale. Any participation retained in an associate or joint venture that has not been classified as held for sale continues to be accounted with the equity method.

The Group will cease to use the equity method at the time of the disposal when the disposal results for the Group in losing significant influence on the associate or joint venture.

After the disposal, the Group must account for the retained interests kept in the associate or joint venture in accordance with IAS 39 unless the retained interest continue to constitute a participation in an associate or joint venture, in which case the Group is applying the equity method (see accounting policy for participations in associated companies or joint ventures above).

Non-current assets (and groups held for sale) classified as held for sale are measured at the lowest price between their carrying amount and their fair value decreased by their costs of sale. Any gain or loss on the revaluation of a non-current asset (or group held for sale) held for sale, excluding discontinued operations, is recognized directly upon its finding and is included in the income from continued operations.

B. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the consolidated financial statements in accordance with IFRS requires making accounting estimates and requires management to exercise judgement in the application of the Group's accounting policies. Key assumptions related to the future and other main sources of uncertainty related to the estimates used in the preparation of the consolidated financial statements at the end of the reporting period are presented below.

B.1. SIGNIFICANT ESTIMATES IN THE APPLICATION OF THE ACCOUNTING POLICIES

B.1.1. ACTUARIAL OBLIGATIONS UNDER PENSION PLANS, OTHER POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

Obligations of the Group related to pension plans are valued annually by independent actuaries. Management determines the actuarial assumptions used for the valuation of these obligations. The Group believes that the assumptions used are appropriate and justified. Actuarial assumptions used by the Group include the following elements:

- Discount rate
- Expected growth rate of wages
- Average inflation rate
- Employee turnover
- Mortality table
- Amounts of tariff reductions
- Amounts of medical costs

B.1.2. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments held by the Group is calculated based on market values by an external valuation company for all the IRS, and directly by the Group for the valuation of the CAP in collaboration with financial institutions.

B.1.3. MEASUREMENT OF THE PROVISIONS

All significant legal litigations are reviewed regularly by the legal department of the Group with the support of the Group's finance department and external counsels when appropriate. This review includes an assessment of the need to recognise provisions or adapt existing provisions. The provisions that are recognised on litigations are based on the value of the claim or on the estimated amount of the exposure.

The valuation of the environmental provisions is based on studies conducted by independent experts making an estimate of the future costs of soil sanitation.

In all cases, the amount recorded by the Group as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

B.1.4. IMPAIRMENT TESTS

The Group tests goodwill for impairment annually, as well as cash-generating units for which there are indicators that tend to demonstrate that the carrying amount might exceed the recoverable amount. To determine if it is appropriate to recognise an impairment loss, it is necessary to estimate the value in use of the cash-generating unit. The calculation of the value in use requires management to estimate the future cash flows that will be generated by the cash-generating unit (for goodwill, by the cash-generating unit to which it has been allocated) and to apply an appropriate discount rate to calculate the present value (see note 8 in the notes to the financial statements).

B.1.5. DISTRIBUTED VOLUMES

Amounts recognised as revenue are based on meter readings and estimates for the unmetered part of the network. These estimates are adjusted at the end of the reporting period with the unmetered transit fee (RTNR) and the unmetered energy (ENR) which are calculated based on total volumes that have transited on the network.

B.2. SIGNIFICANT JUDGMENT APPLIED TO THE ACCOUNTING POLICIES

B.2.1. TURNOVER MEASUREMENT

B.2.1.1. Regulatory balances

Currently, there are no specific IFRS dealing with the accounting treatment of regulated balances in a regulated environment. Discussions are in progress within the IASB concerning the publication of new standard on rate-regulated activities that would clarify the accounting treatment. In this context, a transitional standard was published in January 2014 (IFRS 14 – Regulatory Deferral Accounts) but applies only to first-time adopters of IFRS. It explicitly allows the recognition of regulated assets and liabilities within the statement of financial position and these assets and liabilities should be presented in a separate caption, distinct from the other assets or liabilities. The Group took the assumption that these balances would be recovered in the future and are therefore recognised as an asset or a liability. If it turns out that the accounting treatment adopted by the Group is not in line with the future guidelines published by the IASB, future results as well as equity would have to be adjusted.

B.2.1.2. Transfers of assets from customers (IFRIC 18 – Transfers of Assets from Customers)

The Group carries out connection and extension works on the gas and electricity network, for which transfers of assets from customers are required. In this case, the Group considers whether the transfer of assets from customers is within the scope of the interpretation IFRIC 18 on the basis of all facts and circumstances and, where applicable, the transfer is recognised as turnover.

B.2.2. CLASSIFICATION DEBT/EQUITY

The Group reviews all relevant facts and circumstances to determine whether an instrument is a debt instrument or an equity instrument in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The Group determined that the different categories of shares represented the capital (see the note 15 in the notes to the financial statements) are equity instruments.

B.2.3. EXISTENCE OF AN OBLIGATION IN APPLICATION OF IAS 37

The Group determines on case by case basis whether there is an obligation that could have a negative impact on its financial position. Indeed, the Group regularly reviews pending litigations and determines whether it is probable that the settlement of the obligation will require an outflow of resources. If this is the case, provisions are recognised for an amount that corresponds to the best estimate of the consideration required to settle the obligation (the outcome of the procedures cannot be predicted with certainty).

B.2.4. DEFERRED TAX

At 31 December 2014, corporate income tax was applicable to the company ORES scrl but not applicable to ORES Assets yet. ORES scrl has a result equal to nil as the company is working on behalf of ORES Assets and invoices at cost price without making any profit. As a result, income taxes that have been recognised were exclusively related to non-deductible expenses.

Until the end of 2014, taxes were paid by ORES Assets on the amount of dividends related to the gas activity and distributed to the private shareholder and not on dividends related to the electricity activity.

Following the vote of the law by the Federal Parliament on 19 December 2014 and published in the Belgian Official Gazette on 29 December 2014 results in ORES Assets being subject to income tax as from the fiscal year 2016 (2015 income). Due to this change in fiscal status for the mother company, the Group decided to recognise a deferred tax in its consolidated financial statements at year-end 2014, resulting in the offsetting of the deferred taxes arising from the subsidiary and the mother company.

C. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

A change in accounting policy is applied only if the change is required by a standard or an interpretation or it results in the financial statements providing more reliable and relevant information. Early application of a standard or an interpretation is not a voluntary change in accounting policies with reference to IAS 8.

A change in accounting policy is applied retrospectively unless it is impracticable to determine the period-specific effects for one or more periods presented. In addition, a change in accounting policy upon initial application of an IFRS that includes specific transitional provisions applying to that change is not applied retrospectively.

Even if great attention is placed on the preparation of the Group financial statements, errors may occur during the recognition, measurement, valuation, presentation or the inclusion of information on items of the financial statements. If necessary, the Group retrospectively corrects significant errors from prior periods in the first financial statements authorised for issue after the discovery of these errors.

Uncertainties related to the Group's activities require the use of estimates in the preparation of the financial statements. The use of estimates is an important part of the preparation of the financial statements and does not undermine their reliability. An estimate is revised if changes occur in the circumstance on which it was based, or if new information is available. The revision of an estimate does not relate to prior periods and is not a correction of error.


ORES

IV. INDEPENDENT AUDITOR'S REPORT

RSM

ORES ASSETS SCRL

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

As required by law and the by-laws, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidate financial statements comprise the consolidated statement of financial position as at 31st December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on 31st December 2015 and the explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of the company for the year ended on 31st December 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of 4.190.721 (000) € and a consolidated statement of comprehensive income showing a consolidated benefit for the year of 101.713 (000) €.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 board of Directors and company officials 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 the company give a true and fair view of the group's equity and financial position as at 31st December 2015, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as 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 do not modify the scope of our opinion on the consolidated financial statements:

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

Gosselies, 27 april 2016

RSM INTERAUDIT SCRL
Represented by
Thierry LEJUSTE
Partner

Contacts

ORES - Avenue Jean Monnet, 2
1348 Louvain-la-Neuve

www.ores.be

Customer service : 078/15.78.01
Maintenance service: 078/78.78.00
Gas emergency: 0800/87.087

Éditeur responsable : Jean-Michel Brebant - Rue Antoine de Saint-Exupéry, 18 - 6041 Gosselies / Juin 2016