47				1	EUR
Nr.	Date of the deposition	No. 0476.388.378	PP.	B.	D.

CONSO 1

CONSOLIDATED ANNUAL ACCOUNTS IN EURO (2 decimals)

NAME OF THE CONSOLIDATING ENTERPRISE ~~OR THE CONSORTIUM~~ (1)(2) :

Elia System Operator

Legal form: **PLC**

Address: **Keizerslaan** Nr.: **20**

Postal Code: **1000** City: **Brussel 1**

Country: **Belgium**

Register of Legal Persons (RLP) - Office of the commercial court at: **Bruxelles**

Internet address (3) : **www.elia.be**

Company number: **0476.388.378**

CONSOLIDATED ANNUAL ACCOUNTS presented to the General Meeting of **19/05/2015**

concerning the financial year covering the period from **1/01/2014** till **31/12/2014**

Previous period from **1/01/2013** till **31/12/2013**

The amounts of the previous financial year **are** / ~~are not~~ (1) ** identical to those which have been previously published.

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise, OF DIRECTORS, MANAGERS AND AUDITORS

Enclosed to these consolidated accounts:

REGARDING THE CONSOLIDATED ACCOUNTS OF A FOREIGN COMPANY:
Name of the Belgian subsidiary which filed the consolidated accounts *(Article 113, § 2, 4°a of Company Law)*

Total number of pages deposited: 1

Number of the pages of the standard form not deposited for not being of service: 5, 6

Signature
(name and position)
MAES HENRICA MARIA (MIRIAM)
President of Board of Directors

Signature
(name and position)
GREGOIRE CLAUDE
Vice-President of Board of Directors

(1) Delete where appropriate.
(2) A consortium shall complete section CONSO 4.4.
(3) Optional statement.

DECLARATION BY RESPONSIBLE PERSONS

The undersigned Chairman of the Management Committee and Chief Executive Officer ad interim François Cornélis and Chief Financial Officer Catherine Vandenborre declare that to the best of their knowledge:

a. the consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and give a true and fair view of the consolidated financial position and results of the Elia Group and of its subsidiaries included in the consolidation;

b. the annual report for the year ended 31 December 2014 gives, in all material aspects, a true and fair view of the evolution of the business, the results and the situation of the Elia Group and of its entities included in the consolidation, as well as a description of the most significant risks and uncertainties with which the Elia Group is confronted.

Brussels, 26 March 2015

Catherine Vandenborre
Chief Financial Officer

François Cornélis*
Chief Executive Officer ad interim
*Permanent representative of Monticello SPRL

DECLARATION BY RESPONSIBLE PERSONS

The undersigned Chairman of the Management Committee and Chief Executive Officer ad interim François Cornélis and Chief Financial Officer Catherine Vandenborre declare that to the best of their knowledge:

a. the consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and give a true and fair view of the consolidated financial position and results of the Elia Group and of its subsidiaries included in the consolidation;

b. the annual report for the year ended 31 December 2014 gives, in all material aspects, a true and fair view of the evolution of the business, the results and the situation of the Elia Group and of its entities included in the consolidation, as well as a description of the most significant risks and uncertainties with which the Elia Group is confronted.

Brussels, 26 March 2015

Catherine Vandenborre
Chief Financial Officer

François Cornélis
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in million EUR) - Year ended 31 December	Notes	2014	2013 restated*	2013
Continuing operations				
Revenue	(6.1)	785.5	787.5	1,323.0
Raw materials, consumables and goods for resale	(6.3)	(5.3)	(5.2)	(32.2)
Other income	(6.2)	53.4	45.2	66.5
Services and other goods	(6.3)	(358.0)	(355.6)	(665.3)
Personnel expenses	(6.3)	(135.2)	(137.1)	(178.9)
Depreciations, amortizations and impairments	(6.3)	(108.3)	(104.9)	(150.0)
Changes in provisions	(6.3)	(4.6)	0.4	8.5
Other expenses	(6.3)	(27.8)	(20.9)	(26.2)
Results from operating activities		**199.7**	**209.4**	**345.4**
Share of profit of equity accounted investees, net of tax	(5.1+5.2)	97.0	99.0	0.4
EBIT		**296.7**	**308.3**	**345.8**
Net finance costs	(6.4)	**(100.6)**	**(109.2)**	**(108.5)**
Finance income		10.7	13.7	14.5
Finance costs		(111.3)	(122.9)	(123.0)
Profit before income tax		**196.1**	**199.1**	**237.3**
Income tax expense	(6.5)	(23.8)	(23.3)	(61.5)
Profit from continuing operations		**172.4**	**175.8**	**175.8**
Profit for the period		**172.4**	**175.8**	**175.8**
Profit attributable to:				
Owners of the Company		172.6	175.8	175.8
Non-controlling interests		(0.2)	0.0	0.0
Profit for the period		**172.4**	**175.8**	**175.8**
Earnings per share (EUR)				
Basic earnings per share	(7.9)	2.84	2.90	2.90
Diluted earnings per share	(7.9)	2.84	2.90	2.90

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly. For more details we refer to note 3.2.

** EBIT = Results from operating activities and share of profit of equity accounted investees, net of tax

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in million EUR) - Year ended 31 December	Notes	2014	2013
Profit for the period		**172.4**	**175.8**
Other comprehensive income (OCI)			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	(6.7)	2.0	9.2
Related tax	(6.7)	(0.7)	(3.1)
Foreign currency translation differences of foreign operations		(0.6)	(0.1)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	(7.11)	(15.9)	11.0
Related tax	(7.11)	5.3	(3.7)
Other comprehensive income for the period, net in tax		**(9.9)**	**13.3**
Total comprehensive income for the period		**162.5**	**189.1**
Total comprehensive income attributable to:			
Owners of the Company		162.7	189.1
Non-controlling interests		(0.2)	0.0
Total comprehensive income for the period		**162.5**	**189.1**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(in million EUR)	Notes	31 December 2014	31 December 2013 restated*	31 December 2013
ASSETS				
NON CURRENT ASSETS		**5,192.2**	**4,994.2**	**5,662.3**
Property, plant and equipment	(7.1)	2,478.9	2,322.5	3,629.8
Intangible assets & goodwill	(7.2)	1,735.0	1,735.0	1,758.4
Non-current tax receivables	(7.3)	138.2	131.6	132.4
Investments in equity-accounted investees	(5.1+5.2)	731.5	693.1	23.4
Other financial assets (including derivatives)	(7.4)	87.2	84.6	89.4
Deferred tax assets	(7.5)	21.4	27.4	28.9
CURRENT ASSETS		**504.8**	**561.5**	**869.9**
Inventories	(7.6)	14.8	14.1	16.4
Trade and other receivables	(7.7)	302.8	293.0	402.0
Current tax assets		5.0	3.3	4.7
Cash and cash equivalents	(7.8)	171.1	242.7	437.7
Deferred charges and accrued revenues	(7.7)	11.1	8.4	9.1
Total assets		**5,697.0**	**5,555.7**	**6,532.2**
EQUITY AND LIABILITIES				
EQUITY		**2,285.9**	**2,209.1**	**2,209.1**
Equity attributable to owners of the Company	(7.9)	2,285.1	2,209.1	2,209.1
Share capital		1,512.4	1,506.9	1,506.9
Share premium		9.9	8.8	8.8
Reserves		116.5	97.2	97.2
Hedging reserve		(16.8)	(18.1)	(18.1)
Retained earnings		663.1	614.3	614.3
Non-controlling interests		0.8	0.0	0.0
NON CURRENT LIABILITIES		**2,811.2**	**2,454.5**	**2,845.6**
Loans and borrowings	(7.10)	2,646.4	2,299.8	2,598.0
Employee benefits	(7.11)	109.3	100.4	106.9
Derivatives	(8.2)	25.4	27.5	27.5
Provisions	(7.12)	21.9	17.9	62.3
Deferred tax liabilities	(7.5)	5.7	6.4	32.8
Other liabilities	(7.13)	2.5	2.5	18.1
CURRENT LIABILITIES		**599.9**	**892.1**	**1,477.5**
Loans and borrowings	(7.10)	63.9	571.3	573.5
Provisions	(7.12)	6.5	5.8	21.6
Trade and other payables	(7.14)	301.2	201.8	506.9
Current tax liabilities		0.8	0.5	76.9
Accruals and deferred income	(7.15)	227.5	112.7	298.6
Total equity and liabilities		**5,697.0**	**5,555.7**	**6,532.2**

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly. For more details we refer to note 3.2.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in million EUR)	Notes	Share capital	Share premium	Hedging reserve	Foreign currency translation	Reserves	Retained earnings	Total	Non controlling interests	Total equity
Balance at 1 January 2013		1,506.5	8.8	(24.3)	0.1	83.7	533.7	2,108.5		2,108.5
Profit for the period							175.8	175.8		175.8
OCI: cash-flow hedges	(6.7)			6.1				6.1		6.1
OCI: actuarial gain/(loss)	(7.11)						7.3	7.3		7.3
OCI: exchange differences					(0.1)			(0.1)		(0.1)
Total comprehensive income for the period, net of tax				**6.1**	**(0.1)**		**183.1**	**189.1**		**189.1**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to Owners										
Shares issued	(7.9)	0.3	0.1					0.4		0.4
Share-based payment expenses	(6.3)	0.1						0.1		0.1
Transfer to legal reserve	(7.9)					13.5	(13.5)			
Dividends	(7.9)						(89.0)	(89.0)		(89.0)
Total transactions with Owners		0.4	0.1			13.5	(102.5)	(88.5)		(88.5)
Balance at 31 December 2013		**1,506.9**	**8.9**	**(18.2)**		**97.2**	**614.3**	**2,209.1**		**2,209.1**
Balance at 1 January 2014		1,506.9	8.9	(18.2)		97.2	614.3	2,209.1		2,209.1
Profit for the period							172.6	172.6	(0.2)	172.4
OCI: cash-flow hedges	(6.7)			1.3				1.3		1.3
OCI: actuarial gain/(loss)	(7.11)						(10.6)	(10.6)		(10.6)
OCI: exchange differences					(0.6)			(0.6)		(0.6)
Total comprehensive income for the period, net of tax				**1.3**	**(0.6)**		**162.0**	**162.7**	**(0.2)**	**162.5**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to Owners										
Shares issued	(7.9)	4.2	1.1					5.3		5.3
Share-based payment expenses	(6.3)	1.3						1.3		1.3
Transfer to legal reserve	(7.9)					19.3	(19.3)			
Dividends	(7.9)						(93.3)	(93.3)		(93.3)
Total contributions and distributions		5.5	1.1			19.3	(112.6)	(86.7)		(86.7)
Changes in ownership interests										
Establishment of subsidiary with non-controlling	(8.5)								1.0	1.0
Total changes in ownership interests									1.0	1.0
Total transactions with Owners		5.5	1.1			19.3	(112.6)	(86.7)	1.0	(85.7)
Balance at 31 December 2014		**1,512.4**	**9.9**	**(16.8)**	**(0.6)**	**116.5**	**663.7**	**2,285.1**	**0.8**	**2,285.9**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in million EUR) - Year ended 31 December	Notes	2014	2013 restated*	2013
Cash flows from operating activities				
Profit for the period		**172.4**	**175.8**	**175.8**
Adjustments for:				
Net finance costs		100.6	109.2	108.5
Other non-cash items		1.4	0.1	0.1
Income tax expense		14.5	16.7	87.3
Profit or loss of equity accounted investees, net of tax		(97.1)	(99.0)	(0.4)
Depreciation of PPE and amortisation of intangible assets		107.6	104.5	149.7
Gain on sale of PPE and intangible assets		12.7	6.4	7.7
Impairment losses of current assets		0.8	0.4	13.0
Change in provisions		(0.6)	(0.7)	(5.7)
Change in fair value of derivatives		(0.2)	(1.5)	(1.4)
Change in deferred taxes		9.3	6.6	(25.9)
Cash flow from operating activities		**321.4**	**318.5**	**508.7**
Change in inventories		(1.4)	(1.5)	(1.8)
Change in trade and other receivables		(7.0)	(59.2)	215.4
Change in other current assets		(3.1)	(4.4)	(4.4)
Change in trade and other payables		100.0	18.2	56.6
Change in other current liabilities		112.3	(19.0)	90.6
Changes in working capital		**200.8**	**(65.9)**	**356.4**
Interest paid		(125.3)	(125.3)	(134.3)
Interest received		1.5	2.7	3.2
Income tax paid		(15.9)	(16.1)	(51.3)
Net cash from operating activities		**382.5**	**114.0**	**682.8**
Cash flows from investing activities				
Acquisition of intangible assets		(7.9)	(7.6)	(10.1)
Acquisition of property, plant and equipment		(262.1)	(210.6)	(450.2)
Acquisition of subsidiary net of cash acquired		0.0	0.2	0.0
Acquisition of equity accounted investees		0.0	(0.1)	(0.1)
Acquisition of investments		0.0	0.0	(3.7)
Proceeds from sale of property, plant and equipment		0.0	0.0	1.6
Proceeds from sales of investments		0.0	11.6	11.6
Dividend received from equity-accounted investees		55.2	42.4	0.0
Net cash used in investing activities		**(214.8)**	**(164.1)**	**(450.9)**
Cash flow from financing activities				
Proceeds from issue of share capital		5.3	0.4	0.4
Expenses related to issue share capital		(0.1)	0.0	0.0
Dividends paid (-)		(93.8)	(89.3)	(89.3)
Repayment of borrowings (-)		(500.0)	(500.0)	(619.7)
Proceeds from withdrawal borrowings (+)		346.8	748.2	748.2
Other cash flows from financing activities	(8.1)	2.5	0.0	0.0
Net cash flow from (used in) financing activities		**(239.3)**	**159.3**	**39.6**
Net increase (decrease) in cash and cash equivalents		**(71.6)**	**109.3**	**271.5**
Cash & Cash equivalents at 1 January		242.7	133.4	166.2
Cash & Cash equivalents at 31 December		171.1	242.7	437.7
Net variations in cash & cash equivalents		**(71.6)**	**109.3**	**271.5**

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly. For more details we refer to note 3.2.

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Established in Belgium, Elia System Operator SA (the 'Company' or 'Elia') has its registered office at Boulevard de l'Empereur 20, B-1000 Brussels. The company's consolidated financial statements for the 2014 financial year include those of the company and its subsidiaries (together referred to as the 'Group') and the Group's interest in joint ventures and associates.

The company is a limited liability company, with its shares listed on NYSE Euronext Brussels, under the symbol ELI.

The Elia Group is organised around two electricity transmission system operators: Elia Transmission in Belgium and (in cooperation with Industry Funds Management) 50Hertz Transmission, one of the four German transmission system operators, active in the north and east of Germany. With more than 1,900 employees and a transmission grid comprising some 18,300 km of high-voltage connections serving 30 million consumers, the Elia Group is one of Europe's top five TSOs. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources. In addition to its system operator activities in Belgium and Germany, the Elia Group offers businesses a range of consultancy and engineering.

2. Basis of preparation

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union. The Group has applied all new and revised standards and interpretations published by IASB and applicable to the Group's activities which are effective for financial years starting on 1 January 2014.

2.2. Functional and presentation currency

The financial statements are presented in million euro (the functional currency of the Company), rounded to the nearest hundred thousand, unless stated otherwise.

2.3. Basis of measurement

The financial statements have been prepared on a historical-cost basis, except for the financial instruments, which are measured at fair value. Non-current assets and disposal groups held for sale are valued at the lowest of the carrying amount and the fair value less cost to sell, and employee benefits are valued at the present value of the defined benefit obligations, less plan assets. Changes in fair value of financial assets are recorded through profit or loss.

2.4. Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that could affect the reported amounts of assets and liabilities and revenue and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements regarding the carrying amounts of assets and liabilities. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects this period, or in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 6.5);
- Tax receivable: recovery of the tax receivables of Elia System Operator is deemed highly probable (see note 7.3);
- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage (cf. note 8.2);
- Employee benefits: the Group has defined benefit plans which are disclosed in note 7.11. The calculation of the liabilities or assets related to these plans is based on actuarial and statistical assumptions. This is for example the case for the present value of future pension liabilities. The present value is amongst others impacted by changes in discount rates, and financial assumptions such as future increases in salary. Next to that demographic assumptions, such as average assumed retirement age, also impact the present value of future pension liabilities;
- Provisions for environmental remediation costs: at each year-end an estimate is made of future expenses in respect of soil remediation, based on the advice of an external expert. The extent of remediation costs is dependent on a limited number of uncertainties, amongst others, the identification of new soil contaminations (cf. note 7.12);
- Provisions for "litigation" are based on the value of the claims filed or on the estimated amount of the risk exposure. The expected timing of the related cash outflow depends on the progress and the duration of the associated process/procedures (cf. note 7.12);
- Impairment: the Group performs impairment tests on goodwill and on cash-generating units at reporting date, and whenever there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (see note 7.2);
- Hedging: changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly

in other comprehensive income (OCI) to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss (see note 8.2).

2.5. Approval by the Board of Directors

These consolidated financial statements were authorised for issue by the Board of Directors on 26 March 2015.

3. Significant accounting policies

3.1 Initial application of new, revised or amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amended or revised IASB pronouncements that have been adopted as of January 1, 2014:

Not all of these standards and amendments impact the Group's consolidated financial statements. If a standard or amendment affects the Group, it is described, together with the impact hereunder.

- Amendments to IFRS 10, IFRS 11, IFRS 12 and IAS 27 – Investment Entities;
  The application of the standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities had a material impact on the Group's consolidated financial statements.
  The Group has applied, for the first time, the new standards mentioned above, requiring retrospective application of the change in accounting policies (see chapter 3.3 "Interests in joint arrangements") and retrospective restatement of previous financial statements. The companies previously consolidated proportionately are now accounted for using the equity method (impact of the restatement; see chapter 3.2);
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting.

Elia Group did not early adopt any new IFRS standards, amendments to standards or interpretations.

3.2 Summary of quantitative changes due to IFRS 11

SUMMARY OF QUANTITATIVE IMPACTS ON COMPARATIVE INFORMATION IN THE CONSOLIDATED INCOME STATEMENT

(in million EUR) – Year ended 31 December	2013, as previously reported	Adjustments (IFRS 11)	2013, restated
Continuing operations			
Revenue	1,323.0	(535.5)	787.5
Raw materials, consumables and goods for resale	(32.2)	27.0	(5.2)
Other income	66.5	(21.3)	45.2
Services and other goods	(665.3)	309.7	(355.6)
Personnel expenses	(178.9)	41.8	(137.1)
Depreciations, amortizations and impairments	(150.0)	45.1	(104.9)
Changes in provisions	8.5	(8.1)	0.4
Other expenses	(26.2)	5.3	(20.9)
Result from operating activities	**345.4**	**(136.0)**	**209.4**
Share of profit of equity-accounted investees, net of tax	0.4	98.6	99.0
EBIT	**345.8**	**(37.5)**	**308.3**
Net finance costs	**(108.5)**	**(0.7)**	**(109.2)**
Finance income	14.5	(0.8)	13.7
Finance costs	(123.0)	0.1	(122.9)
Profit before income tax	**237.3**	**(38.2)**	**199.1**
Income tax expense	(61.5)	38.2	(23.3)
Profit from continuing operations	**175.8**	**0.0**	**175.8**
Profit for the period	**175.8**	**0.0**	**175.8**
Profit attributable to:			
Owners of the Company	175.8	0.0	175.8
Non-controlling interests	(0.0)	0.0	0.0
Profit for the period	**175.8**	**0.0**	**175.8**
Earnings per share (EUR)			
Basic earnings per share	2.90	0.00	2.90
Diluted earnings per share	2.90	0.00	2.90

EBIT = Results from operating activities and share of profit of equity accounted investees, net of tax

SUMMARY OF QUANTITATIVE IMPACTS ON COMPARATIVE INFORMATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million EUR)	31 December 2013			31 December 2012		
	As previously reported	Adjustments (IFRS11)	Restated	As previously reported	Adjustments (IFRS11)	Restated
ASSETS						
NON CURRENT ASSETS	**5,662.3**	**(668.1)**	**4,994.2**	**5,370.5**	**(521.7)**	**4,848.8**
Property, plant and equipment	3,629.8	(1,307.3)	2,322.5	3,319.3	(1,108.0)	2,211.3
Intangible assets & goodwill	1,758.4	(23.4)	1,735.0	1,757.0	(22.9)	1,734.1
Non-current tax receivables	132.4	(0.8)	131.6	126.5	(1.3)	125.2
Investments in equity-accounted investees	23.4	669.7	693.1	34.3	613.6	647.9
Other financial assets (including derivatives)	89.4	(4.8)	84.6	90.3	(1.1)	89.2
Deferred tax assets	28.9	(1.5)	27.4	43.1	(2.0)	41.1
CURRENT ASSETS	**869.9**	**(308.4)**	**561.5**	**816.5**	**(433.3)**	**383.2**
Inventories	16.4	(2.3)	14.1	15.0	(2.1)	12.9
Trade and other receivables	402.0	(109.0)	293.0	625.7	(396.3)	229.4
Current tax assets	4.7	(1.4)	3.3	4.7	(1.3)	3.4
Cash and cash equivalents	437.7	(195.0)	242.7	166.2	(32.8)	133.4
Deferred charges and accrued revenues	9.1	(0.7)	8.4	4.9	(0.8)	4.1
Total assets	**6,532.2**	**(976.5)**	**5,555.7**	**6,187.0**	**(955.0)**	**5,232.0**
EQUITY AND LIABILITIES						
EQUITY	**2,209.1**	**0.0**	**2,209.1**	**2,108.5**	**0.0**	**2,108.5**
Equity attributable to owners of the Company	2,209.1	0.0	2,209.1	2,108.5	0.0	2,108.5
Share capital	1,506.9	0.0	1,506.9	1,506.5	0.0	1,506.5
Share premium	8.8	0.0	8.8	8.8	0.0	8.8
Reserves	97.2	0.0	97.2	83.7	0.0	83.7
Hedging reserve	(18.1)	0.0	(18.1)	(24.3)	0.0	(24.3)
Retained earnings	614.3	0.0	614.3	533.8	0.0	533.8
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0
NON CURRENT LIABILITIES	**2,845.6**	**(391.1)**	**2,454.5**	**2,650.2**	**(424.7)**	**2,225.5**
Loans and borrowings	2,598.0	(298.2)	2,299.8	2,351.1	(298.0)	2,053.1
Employee benefits	106.9	(6.5)	100.4	118.6	(6.9)	111.7
Derivatives	27.5	0.0	27.5	36.7	0.0	36.7
Provisions	62.3	(44.4)	17.9	58.4	(43.9)	14.5
Deferred tax liabilities	32.8	(26.4)	6.4	66.0	(59.4)	6.6
Other liabilities	18.1	(15.6)	2.5	19.4	(16.5)	2.9
CURRENT LIABILITIES	**1,477.5**	**(585.4)**	**892.1**	**1,428.3**	**(530.3)**	**898.0**
Loans and borrowings	573.5	(2.2)	571.3	725.9	(157.2)	568.7
Provisions	21.6	(15.8)	5.8	29.6	(20.0)	9.6
Trade and other payables	506.9	(305.1)	201.8	414.9	(231.1)	183.8
Current tax liabilities	76.9	(76.4)	0.5	40.9	(40.9)	0.0
Accruals and deferred income	298.6	(185.9)	112.7	217.0	(81.1)	135.9
Total equity and liabilities	**6,532.2**	**(976.5)**	**5,555.7**	**6,187.0**	**(955.0)**	**5,232.0**

SUMMARY OF QUANTITATIVE IMPACTS ON COMPARATIVE INFORMATION IN CONSOLIDATED STATEMENT OF CASH FLOWS

(in million EUR) – Year ended per 31 December 2013	As previously reported	Adjustments (IFRS11)	Restated
Cash flows from operating activities			
Profit for the period	**175.8**	**0.0**	**175.8**
Adjustments for:			
Net finance costs	108.5	0.7	109.2
Other non-cash items	0.1	0.0	0.1
Income tax expense	87.3	(70.6)	16.7
Share of profit of equity accounted investees, net of tax	(0.4)	(98.6)	(99.0)
Depreciation of PPE and amortisation of intangible assets	149.7	(45.2)	104.5
Gain on sale of PPE and intangible assets	7.7	(1.3)	6.4
Impairment losses of current assets	13.0	(12.6)	0.4
Change in provisions	(5.7)	5.0	(0.7)
Change in fair value of derivatives	(1.4)	(0.1)	(1.5)
Change in deferred taxes	(25.9)	32.5	6.6
Cash flow from operating activities	**508.7**	**(190.2)**	**318.5**
Change in inventories	(1.8)	0.3	(1.5)
Change in trade and other receivables	215.4	(274.6)	(59.2)
Change in other current assets	(4.4)	0.0	(4.4)
Change in trade and other payables	56.6	(38.4)	18.2
Change in other current liabilities	90.6	(109.6)	(19.0)
Changes in working capital	**356.4**	**(422.3)**	**(65.9)**
Interest paid	(134.3)	9.0	(125.3)
Interest received	3.2	(0.5)	2.7
Income tax paid	(51.3)	35.2	(16.1)
Net cash from operating activities	**682.8**	**(568.8)**	**114.0**
Cash flows from investing activities			
Acquisition of intangible assets	(10.1)	2.5	(7.6)
Acquisition of property, plant and equipment	(450.2)	239.6	(210.6)
Acquisition of subsidiary net of cash acquired	0.0	0.2	0.2
Acquisition of equity accounted investees	(0.1)	0.0	(0.1)
Acquisition of investments	(3.7)	3.7	0.0
Proceeds from sale of property, plant and equipment	1.6	(1.6)	0.0
Proceeds from sales of investments	11.6	0.0	11.6
Dividend received from equity-accounted investees	0.0	42.4	42.4
Net cash used in investing activities	**(450.9)**	**286.8**	**(164.1)**
Cash flow from financing activities			
Proceeds from issue share capital	0.4	0.0	0.4
Expenses related to issue share capital	0.0	0.0	0.0
Dividends paid (-)	(89.3)	0.0	(89.3)
Repayment of borrowings (-)	(619.7)	119.7	(500.0)
Proceeds from withdrawal borrowings (+)	748.2	0.0	748.2
Net cash flow from (used in) financing activities	**39.6**	**119.7**	**159.3**
Net increase (decrease) in cash and cash equivalents	**271.5**	**(162.2)**	**109.3**
Cash & Cash equivalents at 1 January	166.2	(32.8)	133.4
Cash & Cash equivalents at 31 December	437.7	(195.0)	242.7
Net variations in cash & cash equivalents	**271.5**	**(162.2)**	**109.3**

3.3 Basis of consolidation

SUBSIDIARIES

A subsidiary is an entity that is controlled by the company. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

ASSOCIATED COMPANIES

Associated companies are those companies in which the company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised profits and losses of associated companies on the basis of the equity method, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of the losses exceeds its interest in an associated company, the Group's carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of an associated company.

INTERESTS IN JOINT ARRANGEMENTS

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, as opposed to joint operations whereby the Group has rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the total recognised profits and losses of joint ventures on the basis of the 'equity method', from the date that joint control commences until the date that joint control ceases. When the Group's share of the losses exceeds its interest in joint ventures, the Group's carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of a joint venture.

LOSS OF CONTROL

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of other comprehensive income related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

ELIMINATION OF INTRA-GROUP TRANSACTIONS

Intra-Group balances and any unrealised gains or losses or revenue and expenses arising from intra-Group transactions are eliminated when preparing the consolidated financial statements.

Unrealised gains from transactions with associated companies are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence for impairment.

3.4 Foreign currency translation

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are converted into the functional currency of the Company, at the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are converted at the foreign exchange rate on that date. Foreign exchange differences arising on conversion are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are valued in terms of historical cost are converted at the exchange rate on the date of the transaction.

FOREIGN OPERATIONS

A foreign operation is an entity that is a subsidiary, associate, an interest in a joint arrangement or branch of the reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

The financial statements of all Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Balance sheets are translated at the exchange rate at reporting date,
- Income statements are translated at the average exchange rate of the year,
- Shareholder's equity is translated at historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, interests in joint arrangements and associates at closing exchange rates are included in shareholder's equity under "OCI: exchange differences" as part of the "Other comprehensive income". At (partial) disposal of foreign subsidiaries, joint ventures and associates, (part of) cumulative translation adjustments are recognized in the income statement as part of the gain/loss of the sale.

3.5 Financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS

The Group sometimes uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investment activities. In accordance with its treasury policy, the Group neither holds nor issues derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as instruments held for trading purposes.

Derivative financial instruments are recognised initially at fair value. Any gain or loss resulting from changes in the fair value is immediately booked in the income statement. Where derivative financial instruments qualify for hedge accounting, the reflection of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties and the Group. The fair value of forward exchange contracts is their quoted market price at the end of the reporting period, i.e. the present value of the quoted forward price.

DERIVATIVES USED AS HEDGING INSTRUMENTS

Cash-flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income ("OCI") to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in OCI remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in OCI is transferred, where justified, to the carrying amount of the asset. In other cases the amount recognised in OCI is transferred to profit or loss in the same period that the hedged item affects profit or loss.

When a derivative or hedge relationship terminates, cumulative gains or losses still remain in OCI provided that the hedged transaction is still expected to occur. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is removed from OCI and is immediately recognised in profit or loss.

Hedging of monetary assets and liabilities

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss of foreign currency gains and losses.

3.6 Balance sheet items

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost (including the directly allocated costs such as finance costs) less accumulated depreciation and impairment losses (see chapter "Impairment"). The cost of self-produced assets comprises the cost of materials, of direct labour and, where relevant, of the initial estimate of the costs of dismantling and removing the assets and restoring the site where the assets were located. If parts of an item of property, plant and equipment have different useful lives, **they are accounted for as separate items of property, plant and equipment.**

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the subsequent costs of replacing part of such an item when that cost is incurred, only when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repair and maintenance costs, are recognised in profit or loss as and when they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated. The applied depreciation percentages can be found in the table hereafter.

Depreciation methods, remaining useful lives and residual values of the property, plant and equipment are reassessed annually and are prospectively adjusted as the occasion arises.

• Administrative buildings	2.00%
• Industrial buildings	2.00 – 4.00%
• Overhead lines	2.00 – 4.00%
• Underground cables	2.00 – 5.00%
• Offshore cables	2.50 – 5.00%
• Substations (facilities and machines)	2.50 – 6.67%
• Remote control	3.33 – 12.50%
• Dispatching	4.00 - 10.00%
• Other PPE (fitting out rented buildings)	contractual period
• Vehicles	6.67 – 20.00%
• Tools and office furniture	6.67 – 20.00%
• Hardware	25.00 – 33.00%

Dismantling obligation

Provision is made for decommissioning and environmental costs, based on future estimated expenditures, discounted to present values. An initial estimate of decommissioning and environmental costs attributable to property, plant and equipment is recorded as part of the original cost of the related property, plant and equipment.

Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant or equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated economic useful lives; otherwise such changes are recognised in the income statement.

The unwinding of the discount is included within the income statement as a financing charge.

De-recognition

An asset is no longer recognised on the balance sheet when the asset is subject to disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the de-recognition of the asset from the balance sheet (which is determined as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss, under other income / other expenses, during the year in which the asset was derecognised from the balance sheet.

INTANGIBLE ASSETS

Business combinations and goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities at acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment (see chapter "Impairment"). In the case of associated companies, the carrying amount of goodwill is included in the carrying amount of the investment in the associated company.

Computer software

Software licences acquired by the Group are stated at cost less accumulated amortisation (see hereafter) and impairment losses (see chapter "Impairment").

Expenditure for research activities undertaken with the prospect of developing software within the Group is recognised in profit or loss as expenditure as incurred. Expenditure for the development phase of software developed within the Group is capitalised if:

- the costs of development can be measured reliably;
- the software is technically and commercially feasible and future economic benefits are likely;
- the Group plans - and has sufficient resources - to complete development;
- the Group plans to use the software.

The capitalised expenditure includes cost of material, direct labour costs and overhead costs that are directly attributable to preparing the software for its use. Other costs are recognised in profit or loss as incurred.

Licenses, patents and similar rights

Expenditure on acquired licences, patents, trademarks and similar rights are capitalised and amortised on a straight-line basis over the contractual period, if any, or the estimated useful life.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as expenditure as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets, unless the useful life is indefinite. Goodwill and intangible assets with indefinite useful lives are tested systematically for impairment on each end of the reporting period. Software is amortised from the date it is available for use. The estimated useful lives are as follows:

- Licences 20.00%
- Concessions contractual period
- Computer software 20.00 - 25.00%

Depreciation methods, remaining useful lives, and residual values of intangible assets are reassessed annually and are prospectively adjusted as the occasion arises.

INVESTMENTS

Each type of investment is recognised on the date of the transaction.

Investments in equity securities

Investments in equity securities are undertakings in which the Group does not have significant influence or control. This is the case in undertakings where the Group owns less than 20% of the voting rights. Such investments are designated as available-for-sale financial assets and are measured at fair value. Any resulting changes in fair value, except those related to impairment losses, are recognised directly in other comprehensive income (“OCI”). On disposal of an investment, the cumulative gain or loss previously recognised directly in OCI is recognised in profit or loss.

The equity investees are measured at cost if there is no quoted price in an active market and the fair value cannot be measured reliably.

Investments in debt instruments

Investments in debt securities classified as held for trading purposes or as being available-for-sale are carried at fair value, with any resulting gain or loss respectively recognised in profit or loss or directly in equity. The fair value of these investments is determined as the quoted bid price at the end of the reporting period. Impairment charges and foreign exchange gains and losses are recognised in profit or loss. Investments in debt securities classified as held to maturity are measured at amortised cost.

Other investments

Other investments held by the Group are classified as available-for-sale and are measured at fair value, with any resulting gain or loss recognised directly in equity. Impairment charges are recognised in OCI (see chapter “Impairment”).

TRADE AND OTHER RECEIVABLES

Construction work in progress

Construction work in progress is stated at cost price plus profit based on progress made to date, less a provision for foreseeable losses and less progress billing. The cost price comprises all expenditure directly related to specific projects, plus an allocation of fixed and variable overheads incurred during the Group’s contract activities based on normal operating capacity.

Trade and other receivables

Trade receivables and other receivables are measured at amortized cost, less the appropriate allowance for amounts regarded as unrecoverable.

INVENTORIES

Inventories (spare parts) are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted-average-cost- price method. The cost includes the expenditure incurred in acquiring the inventories, and the direct costs of bringing them to their location and making them operational.

Write-downs of inventories to net realisable value are recognised in the period in which the write-offs occurred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, bank balances and deposits that can be withdrawn on demand. Overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

IMPAIRMENT – NON FINANCIAL ASSETS

The carrying amount of the Group’s assets, excluding inventories (see chapter “Inventories”) and deferred taxes (see chapter “Income taxes”), are reviewed at the end of the reporting period for each asset to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of goodwill and intangible assets with an indefinite useful life and intangible assets that are not yet available for use is estimated at the end of each reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Recognised impairment losses relating to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the units on a pro-rata basis.

After recognition of impairment losses, the depreciation costs for the asset will be adjusted for the future.

Calculation of the recoverable amount

The recoverable amount of intangible assets and property, plant and equipment is determined as the higher of their fair value less costs to sell or value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset.

The Group's assets do not generate cash flow that is independent from other assets and the recoverable amount is therefore determined for the cash-generating unit (i.e. the entire high-voltage network) to which the asset belongs. This is also the level at which the Group administers its goodwill and reaps the economic benefits of acquired goodwill.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. Impairment loss on other assets is reversed if there have been changes in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

IMPAIRMENT – FINANCIAL ASSETS

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

SHARE CAPITAL

Transaction costs

Transaction costs in respect of the issuing of capital are deducted from the capital received.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

INTEREST-BEARING LOANS

Interest-bearing loans are recognised initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost price with any difference between cost price and redemption value being recognised in profit or loss over the period of the loans on an effective interest basis.

EMPLOYEE BENEFITS

Defined-contribution plans

Obligations related to contributions to defined-contribution pension plans are recognised as an expense in profit or loss as incurred.

Defined-benefit plans

For defined-benefit plans, the pension expenses are assessed on an annual basis by accredited actuaries separately for each plan by using the projected unit credit method. The estimated future benefit that employees have earned in return for their service in the current and prior periods is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the interest rate as at the end of the reporting period on high-quality bonds which have maturity dates that approximate the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss at the earlier of the following dates:

- When the plan amendment or curtailment occurs; or
- When the entity recognizes related restructuring costs under IAS 37 or termination benefits.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods'.

Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is assessed on an annual basis by accredited actuaries. The net obligation is calculated using the projected unit credit method and is the amount of future benefit that employees have earned in return for their service in the current and previous periods. The obligation is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield as at the end of the reporting period on high-quality bonds having maturity dates that approximate to the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised as for the amount expected to be paid out under a short-term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of a past event and it is likely that an outflow of economic benefits - of which a reliable estimate can be made - will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, of the risks specific to the liability.

If the Group expects to recover some or all of the provisions from a third party, the compensation is only included as a separate asset if it is virtually certain that said compensation will be awarded. The cost connected to a provision is included in profit or loss net of any compensation.

The total estimated cost of dismantling and disposal of an asset are, if applicable, recognised as property, plant and equipment and depreciated over the asset's entire useful life. The total estimated cost of dismantling and of disposal of the asset, is posted as provisions for the discounted current value. If the amount is discounted, the increase of the provision due to the lapse of time is classified as finance expenses.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

GOVERNMENT GRANTS

Government grants are recognised when it is reasonably certain that the Group will receive the grant and that all underlying conditions will be met. Grants related to an asset are presented under other liabilities and will be recognised in the income statement on a systematic basis over the expected useful life of the related asset. Grants related to expense items are recognised in the income statement in the same period as the expenses, for which the grant was received. Government grants are presented as other operating income in the income statement.

3.7 Income statement items

REVENUE

Revenue is recognised when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably and recovery of the compensation due is likely.

Revenues include the changes in the settlement mechanism (see note 7.15).

Revenue represents the fair value of the consideration received in the ordinary course of the Group's activities.

Goods sold and services rendered

Revenue from services and the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Construction work in progress

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. An expected loss on a contract is immediately recognised in profit or loss.

Transfer of assets from customers

The revenue from customers (financial contribution) for the construction of connections and related grid enhancement to the high-voltage grid is recognised in profit or loss on the basis of the stage reached in recovery of the underlying property, plant and equipment.

Other income

Other income is recognized when it is earned or when the related service is performed.

EXPENSES

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received to conclude the leasing agreement are recognised in profit or loss as an integral part of the total lease expenses.

FINANCE INCOME AND EXPENSES

Finance expenses comprise interest payable on borrowings, calculated using the effective interest rate method, foreign exchange losses, gains on currency hedging instruments offsetting currency losses, results on interest rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as for trading purposes and impairment losses on available-for-sale financial assets as well as any losses from hedge ineffectiveness. Net finance expenses comprise interest on loans, calculated using the effective interest rate method and foreign exchange gains and losses.

Finance income includes amongst others interest receivables on bank deposits, recognised in profit or loss as it accrues using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

INCOME TAXES

Income taxes comprise current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on taxable income of the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising from initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is likely that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer likely that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

3.8 Standards and Interpretations issued but not yet effective

The standards, interpretations or amendments listed hereafter are published on the date of approval of these consolidated financial statements but are not yet effective, and the Group did not opt for early adoption:

- **IFRS 9** Financial instruments (effective 1 January 2018) reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group is reviewing the potential impact on its financial statements resulting from the application of IFRS 9;
- **IFRIC 21** Levies, initially expected to be applied as of 1 January 2014, is only applicable to financial years commencing on or after 17 June 2014. This IFRIC is not expected to have a material impact on the Group's consolidated financial statements as per 31 December 2015;
- **Amendments to IAS 19** Employee Benefits – Defined Benefit Plans: Employee Contributions introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments which become mandatory for the Group's 2015 consolidated financial statements, are not expected to have a material impact on the Group's consolidated financial statements;
- **IFRS 14** Regulatory Deferral Accounts (effective 1 January 2016) is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer, this standard would not apply.);
- **Amendments to IFRS 11** Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016) The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments are not expected to have any impact to the Group;

- **Amendments to IAS 16 and IAS 38** Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016) The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments will have no impact to the Group, since the Group does not use a revenue-based method to calculate depreciations;
- **Amendments to IAS 16 and IAS 41** Agriculture: Bearer Plants (effective 1 January 2016) These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. These amendments will have no impact to the Group, since the Group has no bearer plants;
- **IFRS 15** Revenue from Contracts with Customers (effective 1 January 2017) establishes a new comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is reviewing the potential the impact on its financial statements resulting from the application of IFRS 15
- **Annual Improvements to IFRS 2010-2012 cycle** is a collection of minor improvements to 6 existing standards. This collection, which becomes mandatory for the Group's 2015 consolidated financial statements, is not expected to have a material impact on the Group's consolidated financial statements;
- **Annual Improvements to IFRS 2011-2013 cycle** is a collection of minor improvements to 4 existing standards. This collection, which becomes mandatory for the Group's 2015 consolidated financial statements, is not expected to have a material impact on the Group's consolidated financial statements.

4. Segment reporting

4.1 Basis for segmentation

The Group has opted for a geographical segmentation since this segmentation forms the basis of the Company's internal management reporting and enables the Chief Operating Decision-Maker (CODM) to evaluate and assess the type and financial profile of its activities in a transparent way.

Pursuant to IFRS 8, the Group has identified the following operating segments based on the aforementioned criteria:

- Elia Transmission (Belgium), which comprises Elia System Operator and the companies of which activities are directly linked to the role of Belgian transmission system operator (i.e. group before the acquisition of 50Hertz);
- 50Hertz Transmission (Germany), which comprises Eurogrid International SCRL and companies of which activities are directly linked to the role of transmission system operator in Germany.

The two operating segments also have been identified as the cash generating units of the group, as the group of assets managed by both segments independently generates cash flows.

The Chief Operating Decision-Maker (CODM) has been identified by the Group as being the Boards of Directors, the CEO's and the Management Committees of each segment. The Chief Operating Decision-Maker periodically reviews the Group's segments performance against a certain number of indicators such as revenue, EBITDA and operating profit.

The Company's geographical segments are mainly characterized by common revenue and cost drivers and the same public service mission in their respective geographical area, but they distinguish themselves mainly at the level of the specific country related regulatory frameworks. For more details around this topic we refer to the chapter on "Regulatory framework and tariffs".

The information presented to the CODM follows the IFRS accounting policies of the Group, therefore no reconciling items have to be disclosed. Intergroup transactions are concluded on an at arm's length basis.

As described by IFRS 8 the Group is required to report segment information about each operating segment that exceeds certain quantitative thresholds. Since the operational activities of Atlantic Grid and EGI (Elia Grid International NV/SA and Elia Grid International GmbH) do not exceed the threshold, the operations of Atlantic Grid have been aggregated in the reporting segment 50Hertz Transmission (Germany) and the operations of EGI in the reporting segment of Elia Transmission (Belgium), because their activities are regularly evaluated by the respective CODM's of those segments.

4.2 Elia Transmission (Belgium)

The table hereafter shows the 2014 results of Elia Transmission (Belgium)

Results Elia Transmission (in million EUR) - Year ended 31 December	**2014**	**2013**	**Difference (%)**
Total revenues and other income	838.9	832.7	0.7%
Depreciation, amortization, impairment and changes in	(112.8)	(104.5)	7.9%
Results from operating activities	199.7	209.3	(4.6%)
Share of profit of equity accounted investees, net of tax	2.8	0.4	600.0%
EBIT	202.6	209.7	(3.4%)
EBITDA	315.4	314.3	0.3%
Finance income	10.7	13.7	(21.9%)
Finance costs	(111.3)	(122.9)	(9.4%)
Income tax expenses	(23.8)	(23.3)	2.1%
Profit attributable to the Owners of the Company	78.4	77.1	1.7%
Consolidated statement of financial position (in million EUR)	**31 December 2014**	**31 December 2013**	**Difference (%)**
Total assets	4,989.6	4,885.9	2.1%
Capital expenditures	276.7	223.2	24.0%
Net financial debt	2,539.2	2,628.4	(3.4%)

EBITDA = EBIT + depreciation/amortisation + changes in provisions

In 2014, Elia Transmission's revenue in Belgium remained stable compared with the same period last year. The table below provides more details of changes in the various revenue components.

Total revenues and other income (in million EUR)	**2014**	**2013**	**Difference (%)**
Grid connection revenue	41.5	41.1	1.0%
Grid use revenue	608.5	495.8	22.7%
International revenue	56.0	67.8	(17.5%)
Ancillary services revenue	173.9	143.6	21.1%
Transfers of assets from customers	7.7	7.9	(2.3%)
Other revenue	8.1	4.3	89.2%
Other income	53.1	45.2	17.4%
Subtotal revenues & other income	**948.9**	**805.9**	**17.7%**
Settlement mechanism: to be refunded to the tariffs of current period	(36.6)	31.6	n/a
Settlement mechanism: deviations from approved budget	(73.4)	(4.7)	n/a
Total revenues and other income	**838.9**	**832.7**	**0.7%**

Grid connection revenue remained stable compared with 2013 at €41.5 million.

Grid use revenue and **ancillary services revenue** increased by respectively 22.7% and 21.1% owing to the 2013 adjustment of the costs charged to generators following introduction of the new tariffs approved by CREG in 2013. Following the Court of Appeal ruling of 6 February 2013, which annulled the earlier decision approving the transmission tariffs for 2012–2015, CREG approved an adjusted tariff proposal on 16 May 2013. In the adjusted proposal, the tariff components for generators were revised downwards and offset in the tariff components for consumers. The new tariffs for ancillary services and system operation, which are applied to the offtake of energy, took effect on 1 June 2013. The new tariffs for grid use, which are applied to power, came into effect on 1 January 2014. The excess costs charged to generators since the start of the regulatory period 2012–2015 have been reimbursed and will be recovered through the new tariffs over the period 1 June 2013 to 31 December 2015.

International revenue decreased by €11.8 million (down 17.5%), mainly due to the price evolution on the Belgian market compared to the surrounding CWE markets, which mainly impacted the revenue from the cross border exchanges between Belgium and the Netherlands.

The **revenue** from customer contributions to investments ("**transfers of assets from customers"**) remained with €7.7 million in line with 2013.

Other revenue increased by €3.8 million compared with 2013, which is a result of the increased projects for third parties Elia was engaged with in 2014. The **other income** increased by 17.4% mainly as a result of the activation of the costs made for Elia's new responsibility of the strategic reserves.

The **settlement mechanism** encompasses deviations from the **budget approved by CREG** with regard to the non-controllable costs and revenue. The operational result was up by €73.4 million, primarily as a result of higher international revenue (€46.3 million), the lower actual average OLO (€27.4 million), lower costs for ancillary services (€15.4 million) and lower net financial charges (€19.2 million). This was partly offset by the higher amount passed in the tariffs for decommissioning of fixed assets (down €3.1 million), the higher realisation of the incentive on replacement CAPEX (down €2.0 million) and the lower tariff sales (down €32.6 million) following introduction of the new tariffs approved by CREG (see above). There was also a temporary tariff surplus (€36.6 million), which is being carried forward within the current tariff period.

EBITDA (up 0.3%) remained stable at €315.4 million. The further decline in the fair remuneration due to evolution in the OLO, which decreased from 2.43% in 2013 to 1.72% in 2014, was offset by the increase in the amount passed on in the tariffs for decommissioning of fixed assets and the positive impact of the recalculations of IAS 19 and the relating amount recoverable in future tariffs. **EBIT** (down 3.4%) decreased in 2014 compared with 2013, mainly due to increased depreciations on the fixed assets.

Net **finance costs** (down 7.9%) fell by €8.6 million compared with 2013, mainly as a result of the decreased long term financial debt outstanding. In 2014 a bond of €500 million has been refinanced by the issuance of a €350 million 15-year Eurobond.

The increase in the **income tax expense** (up 1.7%) was a result of the evolution in the profit before taxes.

Consolidated profit after income tax increased by 1.7% from €77.1 million in 2013 to €78.4 million in 2014 mainly due to the following items[1]:

- decrease in regulated profit due to lower OLO (down €9.4 million);
- increase in the amount passed on in the tariffs for decommissioning of fixed assets (up €3.0 million);
- increase in the incentive on replacement investments (up €1.2 million);
- lower incentive on cost savings and revenue (down €1.2 million);
- adjustment of the provisions for employee benefits and the relating amount recoverable in future tariffs (up €7.9 million)

Total assets increased by 2.1% to €4,989.6 million, while **net financial debt** decreased by €89.2 million (down 3.4%).

4.3 50Hertz Transmission (Germany)

The table hereafter shows the 2014 results of 50Hertz Transmission's transmission system operator activities in Germany:

Results 50Hertz Transmission (Germany) (in millions EUR) - Year ended 31 December *	**2014**	**2013**	**Difference (%)**
Total revenues and other income	1,022.8	929.3	10.1%
Depreciation, amortization, impairment and changes in provisions	(62.9)	(61.7)	1.9%
EBIT	281.2	226.8	24.0%
EBITDA	344.1	288.5	19.3%
Finance income	3.7	1.5	146.7%
Finance costs	(33.5)	(0.3)	n/a
Income tax expenses	(94.5)	(63.6)	48.6%
Profit attributable to the Owners of the Company	156.8	164.4	(4.6%)
Consolidated statement of financial position (in million EUR)	**31 December 2014**	**31 December 2013**	**Difference (%)**
Total assets	3,538.8	2,744.1	29.0%
Capital expenditures	591.1	412.8	43.2%
Net financial debt	(24.9)	175.8	n/a

* Income, expenses, assets and liabilities are reported in the table at 100% (previously reported, until 31 December 2013, proportionately to the Group's 60% share in its joint ventures).
** 60% of the profit attributable to the owners of the Company is included in the Share of profit of equity accounted investees (net of income tax) of the Group.

50Hertz Transmission's revenue was up 10.1% compared with the same period last year. This increase is mainly due to higher volumes of investment and lower offsetting of regulatory deficits and surpluses from the past. These effects were partially offset by the disappearance of the double recovery of investment costs. In 2013 costs for new investments were recovered twice, namely for 2011 and for 2013, as a result of the change in the regulatory system, which took effect in 2012. All costs for new investments are recovered in the year they occur, whereas before 2012 there was a time lag of two years. Total revenues are detailed in the table below.

Total revenues and other income (in million EUR)	**2014**	**2013**	**Difference (%)**
Vertical grid revenues	883.8	906.1	(2.5%)
Horizontal grid revenues	79.9	82.8	(3.5%)
Ancillary services revenues	74.8	84.5	(11.5%)
Transfer of assets from customers	6.0	1.4	328.6%
Other income	47.6	37.3	27.6%
Subtotal revenue and other income	**1,092.1**	**1,112.1**	**(1.8%)**
Settlement mechanism: deviations from approved budget	(69.3)	(182.8)	n/a
Total revenues and other income	**1,022.8**	**929.3**	**10.1%**

Vertical grid revenue (tariffs end customers) decreased by €22.3 million (down 2.5%) primarily as a result of the decrease in the total allowed revenues by the regulator. The rise in the allowed controllable costs to be passed on as a result of the start of the new regulatory period in 2014 and the increase in the investment costs to be passed on, as a result of the increased investment activities, were more than offset by a fall in planned energy costs and by the end of the double recovery of investment costs for new investments.

1 Items 1-4 relate to the regulatory framework in Belgium.

Horizontal grid revenue (tariffs to TSOs) decreased (down 3.5%) mainly due to lower amounts of energy traded between Poland and Germany. This effect has partly been offset by the higher investment costs that need to be passed on to the other three TSO's. In Germany all offshore connection investment costs are shared across the four German transmission system operators. This means that 50Hertz bears around 20% of these costs and passes on 80% of its own connection costs to the other three TSOs.

Ancillary services revenue (down 11.5%) decreased by €9.7 million, primarily due to a fall in revenue from imbalances.

Other revenue increased by €10.3 million, primarily due to the increase in the own work capitalized which is triggered by the high investment activities.

The **settlement mechanism** includes at 50Hertz, on the one hand, the annual offsetting of deficits and surpluses arising before 2014 (€49.4 million) and, on the other, the deviations in 2014 between the costs allowed to be passed on and the actual costs (-€118.7 million). The significant operational deviation in 2014 is mainly due to the low energy costs and the higher volumes invoiced compared with the budgeted volumes.

The sharp rise in **EBITDA** (up 19.3%) and **EBIT** (up 24.0%) is mainly due to investment and some one-off effects. At the end of Q2 2014, the company received the official German Federal Network Agency (BNetzA) decision regarding the previous regulatory period. This encompassed the costs passed on in the past, allowing 50Hertz to release the recognized regulatory provisions. Furthermore, a provision relating to a court case was cancelled following a positive court judgment. These effects were partly compensated by the disappearance of the double recovery of investment costs for new investments.

Net **finance costs** were negatively influenced by both a substantial discount effect on long-term provisions (€11.8 million) and the disappearance of the one-off positive result in 2013 (€10.8 million). In 2013, the German Federal Network Agency (BNetzA) decided that congestion and auction revenue no longer needed to be incorporated into tariffs within two years but could instead be spread over a 30-year period. This is because since 2012, congestion and auction revenue has to be used to fund investment which results in better congestion management. Due to this decision the congestion and auction revenue for 2012 and 2013, which need to be passed on in the tariffs, were discounted for the first time in 2013, resulting in an important and largely one-off financial income. This year, considering the decreased interest rates, the discounting is negatively influencing the net finance costs.

The increase in **income tax expense** is a mainly a result of the change in pre-tax profit. Secondly, the final tax settlement of the tax audit for the years 2006 to 2009 led to an increased income tax expense.

The rise in the EBIT was annulled by the higher net finance cost together with the exceptional tax expense, resulting in a slight decrease in the **net profit** (down 4.6%). The decrease of €7.6 million mainly consists of the following items:

- disappearance of the double recovery of investment costs, incurred in 2012 and 2013 (down €33.6 million);
- one-off effects (up €29.8 million) (see above);
- increased cost recovery for onshore investments (up €9.6 million);
- increased cost recovery for offshore investments (up €25.9 million);
- increased allowed base year costs (up €29.5 million);
- increased OPEX (down €7.0 million);
- increased net finance costs (down €31.0 million);
- increased taxes (down €30.5 million).

Total assets rose by 29.0% to €3,538.8 million, while there was significant improvement in terms of **net financial debt** – a result of the positive inflow from the EEG mechanism (a deficit of €45.5 million at the end of 2013 as opposed to a surplus of €575 million at the end of 2014).

4.4 Reconciliation of information on segments with consolidated figures

Consolidated results (in millions EUR) - Year ended per 31 December	2014 Elia Transmission (Belgium) (a)	2014 50Hertz Transmission (Germany) (b)	2014 Consolidation entries (c)	2014 Elia Group (a)+(b)+(c)
Total revenues and other income	838.9	1,022.8	(1,022.8)	838.9
Depreciation, amortization, impairment and changes in provisions	(112.8)	(62.9)	62.9	(112.8)
Results from operating activities	199.7	281.2	(281.2)	199.7
Share of profit of equity accounted investees, net of tax	2.8	0.0	94.3	97.1
EBIT	202.6	281.2	(187.0)	296.8
EBITDA	315.4	344.1	(249.8)	409.7
Finance income	10.7	3.7	(3.7)	10.7
Finance costs	(111.3)	(33.5)	33.5	(111.3)
Income tax expenses	(23.8)	(94.5)	94.5	(23.8)
Profit attributable to the Owners of the Company	**78.4**	**156.8**	**(62.6)**	**172.6**

Consolidated statement of financial position (in million EUR)	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Total assets	4,989.6	3,538.8	(2,831.3)	5,697.1
Capital expenditures	276.7	591.1	(591.1)	276.7
Net financial debt	2,539.2	(24.9)	24.9	2,539.2

Consolidated results (in millions EUR) - Year ended per 31 December	2013 Elia Transmission (Belgium) (a)	2013 50Hertz Transmission (Germany) (b)	2013 Consolidation entries (c)	2013 Elia Group (a)+(b)+(c)
Total revenues and other income	832.7	929.3	(929.3)	832.7
Depreciation, amortization, impairment and changes in provisions	(104.5)	(61.7)	61.7	(104.5)
Results from operating activities	209.3	226.8	(226.8)	209.3
Share of profit of equity accounted investees, net of tax	0.4	0.0	98.6	99.0
EBIT	209.7	226.8	(128.2)	308.3
EBITDA	314.3	288.5	(190.0)	412.8
Finance income	13.7	1.5	(1.5)	13.7
Finance costs	(122.9)	(0.3)	0.3	(122.9)
Income tax expenses	(23.3)	(63.6)	63.5	(23.4)
Profit attributable to the Owners of the Company	**77.1**	**164.4**	**(65.7)**	**175.8**

Consolidated statement of financial position (in million EUR)	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Total assets	4,885.9	2,744.1	(2,074.3)	5,555.7
Capital expenditures	223.2	412.8	(412.8)	223.2
Net financial debt	2,628.4	175.8	(175.8)	2,628.4

The Group has no concentration of customers in neither of the operating segments.

5. Equity-accounted investees

5.1. Joint Arrangements

Eurogrid International CVBA is the only joint arrangement of the Group. The company has been established by the Group together with IFM (Industry Funds Management) to acquire 50Hertz Transmission GmbH, one of the four German transmission system operators. The Group has a stake of 60% in the joint arrangement. Eurogrid International is a private entity that is not listed on any public exchange.

Eurogrid International and its subsidiaries (see note 8.5) form together the segment 50Hertz Transmission (Germany), see note 4.3.)

The following table summarizes the financial information of the joint arrangement, based on its IFRS financial statements, and reconciliation with the carrying amount of the Group's interest in consolidated financial statements.

(in million EUR) – Year ended per 31 December	2014	2013
Percentage ownership interest	**60.00%**	**60.00%**
Non current assets	2,742.4	2,229.7
Current assets	796.4	514.4
Non current liabilities	784.5	651.5
Current liabilities	1,575.5	976.4
Equity	1,178.8	1,116.2
Group's carrying amount of the investment	**707.3**	**669.7**
Revenues and other income	1,022.8	929.4
Depreciation and amortisation	(78.7)	(75.1)
Finance costs	(29.8)	(0.2)
Profit before income tax	251.3	228.1
Income tax expenses	(94.5)	(63.6)
Profit of the year	156.8	164.5
Total comprehensive income for the year	156.8	164.5
Group's share of profit of the year	**94.0**	**98.7**
Dividends received by the Group	53.9	42.5

5.2. Associates

The Group has 4 associates, all of which are equity-accounted investees.

The Group has an interest of 36.8% in Ampacimon NV/SA, which is a Belgian company active in developing innovative monitoring systems which are put at the disposal of TSO's, in order for them to be able to anticipate more quickly on changes in energy demands and offer.

APX is a provider of power exchange and clearing services for the wholesale market, operating transparent platforms in the Netherlands, the United Kingdom and Belgium. The Group has a stake of 29.2% in APX.

The Group has an interest of 28.5% in Coreso NV/SA, a company which provides coordination services for the secure operation of the high-voltage electricity system in 5 countries.

HGRT SAS is a French company who has a stake of 53.3% in Powernext, which designs and operates trading platforms for spot and derivatives markets in the European energy sector. The Group itself has a stake of 24.5% of HGRT.

None of these companies are listed on any public exchange.

The following table illustrates the summarized financial information of the Group's investments in these companies, based on their respective financial statements prepared in accordance with IFRS.

(in million EUR)	Ampacimon		APX		Coreso		HGRT	
	2014	2013	2014	2013	2014	2013	2014	2013
Percentage ownership interest	**36.8%**	**36.8%**	**29.2%**	**29.2%**	**28.5%**	**28.5%**	**24.5%**	**24.5%**
Non current assets	0.0	0.0	24.4	23.2	1.3	1.7	36.1	35.8
Current assets	1.5	0.6	459.7	595.8	2.4	1.9	2.0	0.0
Non current liabilities	0.0	0.0	3.5	4.0	0.0	0.0	0.0	0.0
Current liabilities	0.7	0.2	451.8	584.0	1.9	2.0	0.0	0.2
Equity	0.8	0.4	28.8	31.0	1.8	1.6	38.1	35.6
Group's carrying amount of the investment	**0.3**	**0.1**	**14.1**	**14.2**	**0.5**	**0.4**	**9.3**	**8.7**
Revenues and other income	1.7	0.7	26.9	27.3	7.8	6.2	0.0	0.0
Profit before income tax	0.4	(0.4)	4.5	4.2	0.4	0.3	(0.5)	(0.2)
Income tax expenses	0.0	0.0	1.1	0.4	0.2	0.1	0.0	0.0
Profit of the year	0.4	(0.4)	3.4	3.8	0.2	0.2	2.0	2.9
Total comprehensive income for the year	0.4	(0.4)	3.4	3.8	0.2	0.2	2.0	2.9
Group's share of profit of the year	**0.2**	**(0.2)**	**2.0**	**0.3**	**0.2**	**0.0**	**0.6**	**0.3**

6. Items of the consolidated income statement and other comprehensive income

6.1. Revenue

(in million EUR)	2014	2013
Revenue	777.8	779.5
Transfers of assets from customers	7.7	7.9
Total revenue	**785.5**	**787.5**

We refer to the segment reporting for a breakdown of the significant categories within the revenue of the Belgian (Note 4.2).

6.2. Other income

The following table details the “Other income”:

(in million EUR)	2014	2013
Services and technical expertise	(0.3)	1.6
Own production	17.0	16.3
Changes in other financial assets	2.6	(4.6)
Optimal use of assets	12.9	12.0
Other	20.7	19.7
Gain on sale PPE	0.5	0.2
Other operating income	**53.4**	**45.2**

The group’s own production represents the valuation of time worked on investment projects.

The optimal use of assets represents mainly income generated from contracts with Telecom operators for making available high voltage towers to several telecom operators as supporting structure for their mobile network antennas.

The section “Other” consists of recoverable amounts of claims paid by insurance companies, etc.

6.3. Operating expenses

COST OF MATERIALS, SERVICES AND OTHER GOODS

(in million EUR)	2014	2013
Raw materials, consumables and goods for resale	5.3	5.2
Purchase of ancillary services	164.5	163.9
Services and other goods (excl. purchase of ancillary services)	193.5	191.7
Total	**363.3**	**360.8**

The “purchase of ancillary services” includes the costs for services which enable the Group to balance generation with demand, to maintain voltage levels and to manage congestions on its grids.

The “services and other goods” are related to maintenance of the grid, services provided by third parties, insurance, consultancy, etc.

PERSONNEL EXPENSES

(in million EUR)	2014	2013
Salaries and wages	89.6	87.8
Social security contributions	26.1	25.9
Pension costs	6.2	7.6
Other personnel expenses	6.9	7.2
Share based payment expenses	1.4	0.1
Employee benefits (excl. pensions)	5.0	8.6
Total	**135.2**	**137.1**

The personnel expenses remained fairly stable as compared to 2013. The decrease is mainly the result of the decrease in employee benefit expenses, slightly compensated by the higher share-based payments expenses.

In October 2014 the Elia Group gave its personnel in Belgium the opportunity to subscribe to an Elia System Operator SA capital increase (tax and non-tax tranches). The number of shares outstanding rose by 170,035 shares without nominal value. The personnel are granted a 16.6% reduction on the quoted share price, for a total amount of €1.4 million.

For more information regarding employee benefits, see Note 7.11 Employee Benefits.

DEPRECIATION, AMORTISATION, IMPAIRMENT AND CHANGES IN PROVISIONS

(in million EUR)	2014	2013
Amortisation of intangible assets	6.5	6.8
Depreciation of property, plant and equipment	101.1	97.8
Total depreciation & amortisation	**107.6**	**104.6**
Impairment of inventories and trade receivables	0.7	0.4
Total impairment	**0.7**	**0.4**
Environmental provisions	0.9	(2.9)
Provisions for litigations	3.7	2.5
Changes in provisions	**4.6**	**(0.4)**
Total	**112.9**	**104.5**

The variance for impairment in respect of receivables during the year can be found in note 8.2 “Financial risk and derivative management”.

A detailed description is provided in other sections for intangible assets (see 7.2), Property plant and equipment (see 7.1) and provisions (see 7.12).

OTHER EXPENSES

(in million EUR)	2014	2013
Taxes other than income tax	15.2	12.9
Loss on disposal/sale of property, plant and equipment	12.6	6.6
Bonus-malus settlement of previous year	0.0	1.5
Impairment on receivables	0.1	0.0
Other operating expenses	**27.8**	**20.9**

The taxes other than income tax line mainly exist of property taxes and taxes on pylons. The increase in Loss on disposal/sale of property, plant and equipment is mainly due to the disposal of a recent transformator after a fire in the high-voltage substation of Monceau.

6.4. Net finance costs

(in million EUR)	2014	2013
Finance income	**10.7**	**13.7**
Interest income on investment trust, bank deposits, cash and cash equivalents	0.7	1.2
Other financial income	10.0	12.4
Finance costs	**(111.3)**	**(122.9)**
Interest expense on eurobonds and other bank borrowings	(105.6)	(112.0)
Interest expense on derivatives	(8.2)	(8.3)
Other financial costs	2.6	2.6
Net finance costs	**(100.6)**	**(109.2)**

The other financial income consists mainly of the moratorium interests which are computed on the tax claim (we refer to Note 6.5 below).

The interest expenses on Eurobonds and other bank borrowings decreased as a result of the lower outstanding loan amounts and lower interest rates. In 2014 a Eurobond of €500.0 million expired and a new Eurobond was issued for a lower amount (€350.0 million) and at a lower interest rate. We refer to Notes 4.2 and 8.2.

For more details on net debt and loans, see Note 7.10.

6.5. Income taxes

RECOGNISED IN PROFIT OR LOSS

The consolidated income statement includes the following taxes:

(in million EUR)	2014	2013
Current year	14.5	16.7
Adjustments for prior years	(0.0)	0.1
Total current income tax expenses	**14.5**	**16.7**
Origination & reversal of temporary differences	9.3	6.6
Total deferred taxes	**9.3**	**6.6**
Total income taxes recognised in profit and loss	**23.8**	**23.3**

RECONCILIATION OF THE EFFECTIVE TAX RATE

The tax on the company's profit (loss) before tax differs from the theoretical amount that would arise using the Belgian statutory tax rate applicable to profits (losses) of the consolidated companies as follows:

(in million EUR)	2014	2013
Profit before income tax	196.1	199.1
Income tax expenses	**23.8**	**23.3**
Income tax using the domestic corporation tax rate	66.7	67.7
Domestic corporate income tax	33.99%	33.99%
Effect of the foreign tax rate	0.1	0.0
Share of profit of equity accounted investees, net of tax	(33.0)	(33.7)
Non-deductible expenses	2.1	2.9
Adjustments prior years	(0.0)	0.1
Gain on disposal of shares	0.0	(0.9)
Tax incentives (notional interest deduction)	(18.1)	(18.7)
Utilization of DTA on NID carried forward	2.3	3.6
Fairness tax	1.6	1.7
Other tax free income	0.0	(0.1)
Other	2.0	1.9
Total income tax expenses in profit or loss	**23.8**	**23.3**

1 DTA = Deferred tax asset ; NID = Notional Interest Deduction

Deferred income taxes are further discussed in Note 7.5 ('Changes in deferred tax assets and liabilities resulting from movements in temporary differences during the financial year').

6.6. Basic earnings per share

The basic earnings per share (EPS) are calculated by dividing the net profit attributable to the shareholders of the company (€174.1 million) by the weighted average number of ordinary shares outstanding during the year (60,573,819).

Weighted average number of ordinary shares	2014	2013
Issued ordinary shares on 1st of January	60,568,229	60,555,809
Impact of the shares issued in March 2013		9,732
Impact of the shares issued in December 2014	5,590	
Weighted average number of shares on 31st of December	**60,573,819**	**60,565,541**

DILUTED EARNINGS PER SHARE

Diluted earnings per share (EPS) are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and convertible bonds.

Diluted earnings per share are equal to basic earnings per share, since there are no share options, nor convertible bonds.

Share capital and reserves per share

Share capital and reserves per share totalled €37.6 per share on 31 December 2014, compared with a value of €36.5 per share at the end of 2013.

6.7. Other comprehensive income

Total comprehensive income includes both the result of the period recognised in the income statement and the other comprehensive income recognised in equity. Other comprehensive income includes all changes in equity other than owner-related changes, which are analysed in the statement of changes in equity.

The deferred taxes and the changes in fair value booked in equity by item of other comprehensive income are as follows:

(in million EUR)	2014	2013
Derivatives	(0.7)	(3.1)
Actuarial gains (losses) on employee benefits	5.3	(3.7)
Total	**4.6**	**(6.9)**

The OCI decreased with an amount of €16.0 million due to the defined benefit plan actuarial gains and losses, less the deferred taxes amounting to -€5.3 million, which can mainly be explained by the lower discount rate.

(in million EUR)	2014	2013
Net changes in fair value of interest rate swaps	(1.3)	(6.1)
Finance income	**(1.3)**	**(6.1)**
Recognised in:		
Hedging reserve	(1.3)	(6.1)

The decrease in market value of the Group's IRS (currently still 2 running) by €2 million net of tax, can mainly be explained by the lower coupon rates as compared to end of 2013.

The hedging reserve is discussed in detail in Note 8.2.

7. Items of the consolidated statement of financial position

7.1. Property, plant and equipment

(in million EUR)	Land and buildings	Machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total
ACQUISITION VALUE						
Balance at 1 January 2013	149.1	4,240.1	124.1	11.6	193.8	4,718.7
Additions	9.6	39.2	11.6	0.0	155.2	215.6
Disposals	0.0	(30.6)	(2.8)	0.0	0.0	(33.4)
Transfers from one heading to another	14.8	83.5	0.0	1.6	(100.0)	0.0
Balance at 31 December 2013	**173.5**	**4,332.2**	**132.9**	**13.2**	**249.0**	**4,900.9**
Balance at 1 January 2014	173.5	4,332.2	132.9	13.2	249.0	4,900.9
Additions	7.3	66.3	11.4	1.3	182.3	268.6
Disposals	(0.1)	(43.5)	(3.1)	(2.1)	0.0	(48.8)
Transfers from one heading to another	2.7	120.7	0.2	1.4	(125.1)	0.0
Balance at 31 December 2014	**183.5**	**4,475.8**	**141.4**	**13.8**	**306.2**	**5,120.7**
DEPRECIATION AND IMPAIRMENT						
Balance at 1 January 2013	(23.6)	(2,360.2)	(113.7)	(10.1)		(2,507.6)
Depreciation	(1.4)	(91.5)	(4.1)	(0.8)		(97.8)
Disposals	0.0	24.2	2.8	0.0		27.0
Transfers from one heading to another	(0.0)	1.4	(0.0)	(1.4)		0.0
Balance at 31 December 2013	**(24.9)**	**(2,426.1)**	**(115.0)**	**(12.3)**		**(2,578.4)**
Balance at 1 January 2014	(24.9)	(2,426.1)	(115.0)	(12.3)		(2,578.4)
Depreciation	(1.9)	(93.7)	(5.4)	(0.2)		(101.1)
Disposals	0.0	32.9	3.0	1.8		37.7
Transfers from one heading to another	0.0	1.1	(0.0)	(1.1)		0.0
Balance at 31 December 2014	**(26.8)**	**(2,485.7)**	**(117.4)**	**(11.9)**		**(2,641.8)**
CARRYING AMOUNT						
Balance at 1 January 2013	125.5	1,879.9	10.4	1.5	193.8	2.211.1
Balance at 31 December 2013	148.6	1,906.1	17.9	0.9	249.0	2,322.5
Balance at 1 January 2014	148.6	1,906.1	17.9	0.9	249.0	2,322.5
Balance at 31 December 2014	156.7	1,990.1	24.0	1.9	306.2	2,478.9

An amount of €268.6 million was invested in 2014, mainly in upgrading high-voltage substations and laying high-voltage cables. For instance, the high-voltage substations at Zeebrugge (380 kV), Horta (380 kV), Van Eyck (380 kV), Hoogstraten (150 kV), André Dumont (Genk) (380 kV), Schoondale (150 kV) among others were initiated, upgraded, decontaminated and/or renovated. Furthermore, new cables were laid between Rijkevorsel, Hoogstraten and Meer (150 kV & 36 kV), between Zedelgem and Lichtervelde (36 kV) and the high-voltage lines between Van Eyck and Zutendaal (380 kV) were upgraded. Finally there were also important investment costs for a new administrative building in the Namur region.

During 2014, an amount of €6.6 million borrowing costs have been capitalised on the 2014 acquisition of the assets using an average interest rate of 4.149%.

Other liabilities relating to new investments are described in Note 8.3.

7.2. Intangible assets and Goodwill

(in million EUR)	Goodwill	Development costs software	Licences / Concessions	Total
ACQUISITION VALUE				
Balance at 1 January 2013	1,707.8	60.7	1.9	1,770.4
Acquired, own construction capitalised	0.0	7.4	0.2	7.6
Balance at 31 December 2013	**1,707.8**	**68.1**	**2.1**	**1,777.9**
Balance at 1 January 2014	1,707.8	68.1	2.1	1,777.9
Acquired, own construction capitalised	0.0	8.0	0.1	8.1
Disposals		(1.6)	0.0	(1.6)
Balance at 31 December 2014	**1,707.8**	**74.5**	**2.1**	**1,784.4**
DEPRECIATION AND IMPAIRMENT				
Balance at 1 January 2013	(0.0)	(34.9)	(1.2)	(36.1)
Amortisation		(6.5)	(0.3)	(6.8)
Balance at 31 December 2013	**(0.0)**	**(41.4)**	**(1.5)**	**(42.9)**
Balance at 1 January 2014	(0.0)	(41.4)	(1.5)	(42.9)
Amortisation		(6.2)	(0.2)	(6.5)
Balance at 31 December 2014	**(0.0)**	**(47.7)**	**(1.7)**	**(49.4)**
CARRYING AMOUNT				
Balance at 1 January 2013	1,707.8	25.8	0.7	1,734.3
Balance at 31 December 2013	1,707.8	26.6	0.6	1,735.0
Balance at 1 January 2014	1,707.8	26.6	0.6	1,735.0
Balance at 31 December 2014	1,707.8	26.8	0.4	1,735.0

Software comprises both IT applications developed by the company for operating the grid and software for the Group's normal business operations.

See Note 6.3 for the impact of depreciations in intangible assets on profit or loss.

The goodwill, which is allocated to the CGU Elia Transmission (Belgium), amounting to €1,707.8 million, relates to the following past transactions:

(in million EUR)	2014	2013
Acquisition of participations in Elia Asset by Elia System Operator - 2002	1,700.1	1,700.1
Acquisition of participations in Elia Engineering by Elia Asset - 2004	7.7	7.7
Total	**1,707.8**	**1,707.8**

IMPAIRMENT TEST FOR CASH-GENERATING UNIT ELIA TRANSMISSION (BELGIUM) CONTAINING GOODWILL

In 2002, the acquisition of Elia Asset by the company for an amount of EUR 3,304.1 million resulted in a positive consolidation difference of €1,700.1 million. This positive consolidation difference is the result of the difference between acquisition value of this economic entity and carrying amount of the assets of Elia Asset. This difference consists of different elements such as the fact that (i) Elia was appointed as a TSO for a period of 20 years, (ii) Elia had unique resources in Belgium as Elia is the owner of the whole very-high-voltage network and is the owner of (or has the right to use) 94% of the high-voltage network, and hence only Elia is entitled to propose a development plan, and (iii) Elia had the TSO know-how.

At the date of acquisition, the qualification or the quantification in euro of these elements could not be performed on an objective, transparent and reliable basis and therefore, the difference could not be allocated to specific assets and was considered unallocated. Therefore, this difference has been recognised as goodwill since the first adoption of IFRS at 1 January 2005. The regulatory framework, in particular the offsetting in the tariffs of the decommissioning of fixed assets, applicable as from 2008 onwards, did not have an impact on this accounting treatment. The goodwill, as described above and the goodwill resulting from the acquisition of Elia Engineering in 2004 were allocated to the single cash-generating unit for the impairment test determined, since the income and expenses were generated by one activity, specifically the 'regulated activity in Belgium', which will also be considered as one cash-generating unit.

As a result, the company assigned the carrying amount of the goodwill to one unit, the regulated activity in Belgium. Since 2004, annual impairment tests have been conducted and did not result in recognition of any impairment losses. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually as the higher of their fair value less cost to sell or value in use, applying the assumptions hereafter and using the following valuation methods.

The impairment test was conducted by an independent expert and was based on the following valuation methods and applying the following assumptions (according to fair value less cost to sell methodology):

- discounting of future cash flows and using the “Regulated Asset Base” or “RAB” as the basis for the estimation of the terminal value;
- discounting of future dividends;
- comparison between the previously mentioned impairment methods and those used by some comparable West European listed companies, such as Red Electrica España, Enagas, Terna, Snam Rete Gas, National Grid and Fluxys;
- market valuation based on the company’s share price.

The future cash flows and future dividend methods are based on the business plan for the period 2012-2020 of Elia Transmission Belgium.

The key assumptions used for this valuation are

- risk-free rate of 3.5%, based on Belgian 10-year bond rates;
- cost of debt of 4.0%;
- tax rate of 33.99%;
- market risk premium of 5.5%;
- perpetual growth rate of 1.0%.

The independent analysis did not result in the identification of an impairment of goodwill in 2014.

With regard to the assessment of the recoverable amount, management believes, based on the analysis of an external expert, and the current knowledge, that no reasonably possible change in any of the above key assumptions would cause material impairment losses.

7.3. Non-current tax receivables

(in million EUR)	2014	2013
Tax receivables	138.2	131.6
Total	**138.2**	**131.6**

The amount of tax receivables consists of the basic amount of tax receivable (€93.8 million) and the cumulative moratorium interests (€44.4 million) that the company could recover in the future. A detailed description can be found hereunder.

TAX ASSESSMENT

Elia received a tax assessment in early 2008 in view of taxation of the remaining tariff surpluses as at 31 December 2004. The income taxes paid total €93.8 million, including an administrative charge of 10% and an increase due to insufficient prepayments. Having consulted its tax advisor and CREG and given that similar tariff surpluses accounted for by other companies in the sector were not taxed, Elia management decided to file a complaint that was rejected by the tax authorities. By matter of consequence, Elia filed a judicial claim for the full amount, including moratorium interest.

In 2009, the tax authorities made a similar decision on the increase of tariff surpluses in 2005 and 2006. Elia received a tax assessment of €35.8 million, including an administrative charge of 10% and an increase due to insufficient prepayments, and decided to file a complaint about this in line with the case of 2004.

The tariff surpluses that led to the additional assessment are systematically settled in tariffs over the years to come (refund to consumers) in accordance with CREG decision, meaning that this solely is a matter of a timing difference between a surplus generated in the past and a refund in the subsequent years.

If Elia's complaint is rejected, the corporate income tax paid on the remaining surpluses will automatically be offset by 'recoverable taxes' on the refund given to consumers in 2005, 2006 and 2007 and subsequent periods. In that way the basic amount of the corporate income tax can be recovered in full. If a balance is still outstanding, it will be settled using the tariff mechanism.

On Friday 23 December 2011, the Brussels Court of First Instance ruled in favour of Elia in its tax dispute with the Belgian tax authorities. As a result of the ruling, the tax authorities must reimburse Elia €118.4 million, consisting of €80.2 million in taxes that were paid twice and which therefore must be reimbursed with 100% certainty, €5.1 million in prepayments, €8.5 million in administrative tax increase and €24.6 million in interest. However the tax authorities lodged appeal on 6 February 2012, thus suspending the ruling by the Court of First Instance. The Court of Appeal is not expected to rule on the case until 2016 at the earliest.

7.4. Other financial assets

(in million EUR)	2014	2013
Immediately claimable deposits	13.3	13.3
Available for sale assets	0.3	0.3
Other	73.7	71.0
Total	**87.2**	**84.6**

'Immediately claimable deposits' measured at fair value for which the changes in fair value are recognised in OCI. The risk profile of these investments is discussed in Note 8.2.

The item 'Others' is related to a recoverable amount of a portion of the pension liability - see Note 7.11. No impairment was recognized on the available for sale assets.

7.5. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

(in million EUR)	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	1.2	(21.3)	0.9	(16.8)
Intangible assets		(9.0)		(9.0)
Inventories		(1.0)		(0.9)
Interest-bearing loans and other non-current financial liabilities	7.2		8.2	
Employee benefits	37.0		33.7	
Provisions	0.1		0.1	
Other items	0.4	(30.7)		(30.6)
Notional interest deduction carried forward - previous accounting years	31.9		35.4	
Tax asset / liability before set off	**77.8**	**(62.0)**	**78.3**	**(57.3)**
Offsetting of tax	(56.4)	56.4	(50.9)	50.9
Net tax asset / (liability)	**21.4**	**(5.7)**	**27.4**	**(6.4)**

CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES RESULTING FROM MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

(in million EUR)	Opening balance	Recognised in income statement	Recognised in comprehensive income	Closing Balance
2013				
Property, plant and equipment	(11.8)	(4.1)		(15.9)
Intangible assets	(8.8)	(0.2)		(9.0)
Inventories	(1.0)	0.2		(0.9)
Interest-bearing loans and other non-current financial liabilities	12.1	(0.8)	(3.1)	8.2
Employee benefits	37.5	0.0	(3.7)	33.7
Provisions	0.1	0.0		0.1
Other items	(32.5)	1.9		(30.6)
Notional interest deduction carried forward - previous accounting years	39.0	(3.6)		35.4
Total	**34.5**	**(6.6)**	**(6.9)**	**21.0**
2014				
Property, plant and equipment	(15.9)	(4.1)		(20.0)
Intangible assets	(9.0)	0.0		(9.0)
Inventories	(0.9)	(0.2)		(1.0)
Interest-bearing loans and other non-current financial liabilities	8.2	(0.2)	(0.7)	7.2
Employee benefits	33.7	(1.6)	4.8	37.0
Provisions	0.1	(0.0)		0.1
Other items	(30.6)	0.3		(30.3)
Notional interest deduction carried forward - previous accounting years	35.4	(3.5)		31.9
Total	**21.0**	**(9.3)**	**4.1**	**15.7**

UNRECOGNISED DEFERRED TAX ASSETS

As per 31 December 2014 there are no unrecognized deferred tax assets.

7.6. Inventories

(in million EUR)	2014	2013
Raw materials and consumables	28.4	27.1
Write-downs	(13.6)	(12.9)
Total	**14.8**	**14.1**

The warehouse primarily stores replacement and spare parts for maintenance and repair work on the Group's high-voltage substations, overhead lines and underground cables. Write-downs are recorded following the non-utilization of stock-items during a period as of 1 year. In 2014 the total amount of write-downs recognized in income statement amounts to €0.7 million (see note 6.3).

7.7. Current trade and other receivables, deferred charges and accrued revenues

(in million EUR)	2014	2013
Work in progress	4.3	0.8
Other trade receivables and advance payments	136.4	163.2
Levies	141.8	115.1
VAT and other taxes	13.9	3.7
Other	6.5	10.1
Deferred charges and accrued revenues	11.1	8.4
Total	**314.0**	**301.4**

Trade receivables are non-interest bearing and are generally on terms of 10 to 30 days.

The increase in VAT and other taxes can mainly be allocated to increased outstanding VAT receivables.

The increase in levies is mainly due to:

- increase of the outstanding balance of green certificates of the Walloon region, where the cash-out for purchasing certificates was higher than the tariff recharged for it (+ €35.6 million to €119.2 million);
- new levy to cover the costs for the Strategic Reserve, the applicable tariff will be charged as of 1 January 2015 (€9.5 million);
- New levy compensated by the Federal levy for green certificates, with a payable balance end of 2014, compared to a recoverable balance of €25.5 million per 31.12.2013.

The item 'Other' mainly consists of:

- receivables on insurance companies (€1.5 million Elia Asset and €2.8 million in Elia Re);
- subsidy amounts to receive (€1.7 million).

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables are shown in Note 8.2.

At 31 December, the ageing analysis of the other trade receivables and advance payments is as follows:

(in million EUR)	2014	2013
Not past due	134.5	141.6
Past due 0-30 days	1.1	19.2
Past due 31-60 days	(0.3)	0.7
Past due 61 - one year	0.3	1.9
More than one year	0.4	(0.5)
Total (excl. impairment)	**136.1**	**162.9**
Doubtful amounts	1.5	1.5
Amounts write offs	(1.2)	(1.2)
Total	**136.4**	**163.2**

7.8. Cash and cash equivalents

(in million EUR)	2014	2013
Call deposits	42.1	96.5
Balance at bank	129.0	146.3
Total	**171.1**	**242.7**

The cash and cash equivalents of the Group decreased, partly as a result of the repayment of one of the Eurobonds amounting to €500 million; which was only partially refinanced through a new Eurobond issued in 2014 for an amount of €350 million.

Short-term deposits are invested for periods that vary from a few days and a few weeks to several months (not exceeding 3 months), depending on immediate cash requirements, and earn interest in accordance with the interest rates for the short-term deposits. The interest rate of interest-bearing investments at the end of the reporting period varies from 0.14% to 0.67%.

Bank-account balances earn interest in line with the variable rates of interest on the basis of daily bank deposit interest. The Group's interest rate risk and the sensitivity analysis for financial assets and liabilities are discussed in Note 8.2.

7.9. Shareholders' equity

SHARE CAPITAL AND SHARE PREMIUM

Number of shares	2014	2013
Outstanding on 1 January	60,568,229	60,555,809
Issued against cash payment	170,035	12,420
Number of shares (end of period)	**60,738,264**	**60,568,229**

In March 2013 the second tranche of the capital increase for her Belgian personnel as decided in 2012 took place, following on above capital increase transaction, resulting in a €0.3 million increase in the share capital and simultaneously in a €0.04 million increase of share premium; the number of shares outstanding rose by 12,420 without nominal value.

The capital of Elia System Operation SA increased by €0.4 million from €1,506.5 million to €1,506.9 million in 2013, taking into account the costs for the capital increase and the share premium account increased from €8.8 million to €8.83 million.

The extraordinary shareholder meeting of May 20 2014 decided to execute a capital increase (in two steps/periods: one in 2014 for maximum €5.3 million and one in 2015 for maximum €0.7 million) for a total maximum amount of €6.0 million for its Belgian personnel.

In October 2014 the Elia Group gave its personnel in Belgium the opportunity to subscribe to an Elia System Operator SA capital increase (tax and non-tax tranches) which resulted in a €5.5 million increase (including the cost for the capital increase) in the share capital and simultaneously in a €1.1 million increase of share premium; the number of shares outstanding rose by 170,035 shares without nominal value.

RESERVES

In accordance with Belgian legislation, 5% of the parent company's statutory net profit must be transferred to the legal reserve each year until the legal reserve represents 10% of the capital.

Within the tariff mechanism, Elia must reserve in shareholders' equity the realised surplus passed on the tariffs as a result of decommissioning fixed assets (decrease in Regulated Asset Base).

In 2013, this amounted to €19.3 million. The General Meeting of 20 May 2014 decided to include that amount in the legal reserve.

As per 31 December 2014 the Group's legal reserve amounts to €116.5 million.

The Board of Directors can propose the payment of a dividend to shareholders up to a maximum of the available reserves and the profit carried forward from previous financial years of the parent company, including the profit of the financial year ended 31 December 2014. Shareholders must approve the dividend payment at the Annual General Meeting of Shareholders.

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash-flow hedging instruments in respect of hedged transactions that have not yet occurred.

DIVIDEND

After the balance sheet date, the Board of Directors put forward the dividend proposal indicated hereafter.

Dividend	2014	2013
Per ordinary share entitled to dividend	1.54	1.54

At the General Meeting of Shareholders on 20 May 2014, the Board of Directors proposed payment of a gross dividend of €1.54 per share, which yields a net dividend of €1.155 per share, yielding a total amount of €93.3 million.

The Board of Directors' meeting of 26 February 2015 proposed a gross dividend of €1.54 per share. This dividend is subject to approval by shareholders at the Annual General Meeting on 19 May 2015 and is not included as a liability in the consolidated financial statements of the Group.

The total dividend will be calculated on the number of shares outstanding on 26 February 2015, which corresponds to a total of €93.5 million.

The net profit also includes the realised surplus as a result of decommissioning of fixed assets of €22.3 million to be booked in equity. The Board of Directors' meeting of 26 February 2015 decided to suggest to the Annual General Meeting that this amount be allocated to the legal reserve. The amount has not yet been posted in the legal reserve on 31 December 2014.

7.10. Interest-bearing loans and borrowings

(in million EUR)	2014	2013
Non-current borrowings	2,646.4	2,299.8
Subtotal non-current borrowings	**2,646.4**	**2,299.8**
Current borrowings	0.0	500.0
Accrued interests	63.9	71.3
Subtotal current loans and borrowings	**63.9**	**571.3**
Total	**2,710.3**	**2,871.1**

Information concerning the terms and conditions of the outstanding interest-bearing loans and borrowings is given below:

(in million EUR)	Maturity	Amount	Interest rate before hedging	Interest rate after hedging	Current proportion - fixed	Current proportion - variable
Shareholders Loan	2022	495.8	1.35%	3.07%	40.34%	59.66%
Eurobond issues 2004 / 15 years	2019	499.3	5.25%	5.25%	100.00%	0.0%
Eurobond issues 2009 / 7 years	2016	499.6	5.63%	5.63%	100.00%	0.0%
Eurobond issues 2013 / 15 years	2028	546.7	3.25%	3.25%	100.00%	0.0%
Eurobond issues 2013 / 20 years	2033	199.3	3.50%	3.50%	100.00%	0.0%
Eurobond issues 2014 / 15 years	2029	345.8	3.00%	3.00%	100.00%	0.0%
European Investment Bank	2016	40.0	4.27%	4.27%	100.00%	0.0%
European Investment Bank	2017	20.0	4.79%	4.79%	100.00%	0.0%
Total		**2,646.4**			**88.82%**	**11.18%**

Information concerning the contractual maturities of the Group's interest-bearing loans and borrowings (current and non-current) is given hereafter.

(in million EUR)	Face value	Less than 1 year	1 - 2 years	3 - 5 years	More than 5 years
Shareholders Loan	495.8	0.0	0.0	0.0	495.8
Eurobond issues	2,100.0	0.0	500.0	500.0	1,100.0
European Investment Bank	60.0	0.0	40.0	20.0	0.0
Total	**2,655.8**	**0.0**	**540.0**	**520.0**	**1,595.8**

Following covenants are required for the Eurobonds issued under the €3 billion EMTN programme:

(i) The Issuer will not grant any Security Interest (a Security Interest means any mortgage, charge, pledge, lien or other form of encumbrance or security interest. A personal guarantee or suretyship does not constitute a "Security Interest") to secure any Relevant Debt of any person or to secure any guarantee of or indemnity in respect of any Relevant Debt of any person.

(ii) The Issuer shall procure that none of its Material Subsidiaries will grant any Security Interest to secure any Relevant Debt of any person or to secure any guarantee of or indemnity in respect of any Relevant Debt of any person.

(iii) The Issuer will and shall procure that its Material Subsidiaries will procure that no other person grants any Security Interest to secure any of the Issuer's or any of its Material Subsidiaries Relevant Debt or to secure any guarantee of or indemnity in respect of any of the Issuer's or any of its Material Subsidiaries' Relevant Debt.

7.11. Employee benefits

In Belgium collective agreements regulate the rights of company employees in the electricity and gas industries.
These agreements provides so called "pension supplements" based on the annual salary and the career within the company of the employee. If the employee deceases, the supplements are partially revertible to the heritor (wife/orphan). The benefits granted are linked to Elia's operating result. There is neither an external pension fund nor group insurance for these liabilities, which means that no reserves are constituted with third parties. The obligations are qualified as a defined benefit.

The collective agreement determines that active staff hired from 1 January 1993 to 31 December 2001 and all managerial/executive staff hired prior to 1 May 1999 are granted the same guarantees via a defined-benefit pension scheme. Obligations under these defined-benefit pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

Personnel remunerated based on a 'salary scale' recruited after 1 June 2002 and management staff recruited after 1 May 1999 are covered by two defined-contribution pension plans (Powerbel and Enerbel). For payments made after 1 January 2004, the law requires an average annual return over the career of at least 3.25% for the employer's contributions and at least 3.75% for employees' contributions, with any deficit being covered by the employer. The insurer confirmed as per end of 2014 that the annual return is at least 3.25%, and therefore no provision has been established to cover any deficit.

Below we briefly describe both defined contribution plans:

- **Enerbel**

This scheme is intended for salaried employees hired after 1 June 2002.
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.
The employer contribution is equal to 3 times the employee contribution.

- **Powerbel**

This scheme is intended for managers hired as of 1 May 1999, and for those who asked to be transferred to this scheme when given the opportunity in 2007.
The employee contribution is a step rate formula equal to 0.6% of the portion of the salary below a ceiling plus 4.6% of the portion of the salary above this ceiling. This contribution is deducted monthly from the salary of the affiliates.
The employer contribution is equal to 4 times the employee contribution.

The Group used the "Intrinsic Value" method, which consists of calculating, for each member separately, the minimum guaranteed reserve (taking into account an interest rate of 3.75% for employee contributions and an interest rate of 3.25% for employer contributions) and the mathematical reserve, both at the financial reporting date. The guaranteed reserve is equal to the maximum between the minimum guaranteed reserve and the mathematical reserve.

A deficit occurs when the guaranteed reserve is higher than the mathematical reserve.
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.

Quantitative disclosures:

(in million EUR)	Powerbel	Enerbel
Sum of the minimum guaranteed reserves:		
Active members:	10.9	1.9
Deferred members:	2.0	0.2
Total:	**13.0**	**2.2**
Sum of the mathematical reserves:		
Active members:	12.3	2.2
Deferred members:	2.8	0.3
Total:	**15.1**	**2.5**
Sum of the Difference:		
Active members:	1.3	0.3
Deferred members:	0.8	0.1
Total:	**2.1**	**0.4**

Both employee and employer contributions are paid on a monthly basis. The employee contributions are deducted from the salary and paid to the insurer by the employer.
The amount of future cash flows depends on wage growth.

Based on above quantitative disclosures the Group concluded there is no shortfall in the plans compared to the minimum guaranteed return on contributions. In the event of a shortfall, the group will recognize a provision, representing the shortfall in the plans compared to the minimum guaranteed return on contributions.

The expenses related to these plans were €3.8 million in 2014 and €4.7 million in 2013.

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

The total net liability for employee benefits obligations are as follows:

(in million EUR)	2014	2013
Defined benefit plans	46.4	46.0
Post-employment benefits other than pensions	62.8	54.3
Subtotal	**109.3**	**100.2**
Other provisions - employee benefits	0.0	0.2
Total provisions for employee benefits	**109.3**	**100.4**

In following tables the detail is shown of the outstanding provision for employee benefits, with the split between pension cost ("Pensions") and non-pension costs ("Other"), which exists of healthcare costs, tariff benefits, jubilee benefits...

(in million EUR)	**Pensions**		**Other**	
	2014	**2013**	**2014**	**2013**
Present value of funded defined benefit obligation	(176.3)	(169.3)	(63.5)	(54.9)
Fair value of plan assets	129.9	123.2	0.7	0.7
Net employee benefit liability	**(46.4)**	**(46.0)**	**(62.8)**	**(54.1)**

Movement in the present value of the defined benefit obligation	**Pensions**		**Other**	
(in million EUR)	**2014**	**2013**	**2014**	**2013**
At the beginning of the period	**(169.3)**	**(184.4)**	**(54.9)**	**(46.8)**
Current service cost	(3.9)	(4.0)	(1.6)	(1.5)
Interest cost/income	(4.0)	(4.7)	(1.6)	(1.8)
Contributions from plan participants	(0.6)	(0.6)		
Cost of early retirement	(0.7)	(0.9)		
Includes remeasurement gains/(losses) in OCI and Income Statement, arising from				
Changes in demographic assumptions		12.1		(0.9)
Changes in financial assumptions	(17.5)	4.1	(9.7)	(7.6)
Changes from experience adjustments	4.6	(4.0)	1.0	0.2
Past service cost		(0.5)		
Payments from the plan	15.0	13.7	3.2	3.5
At the end of the period	**(176.3)**	**(169.3)**	**(63.5)**	**(54.9)**

Movements in the fair value of the plan assets	**Pensions**		**Other**	
(in million EUR)	**2014**	**2013**	**2014**	**2013**
At the beginning of the period	**123.2**	**119.1**	**0.7**	**0.8**
Interest income	2.9	3.2	0.0	0.0
Remeasurement gains/ losses in OCI arising from				
Return of plan assest (excluding amounts included interest)	5.6	1.9	(0.0)	(0.1)
Contributions from employer	12.6	12.2	3.2	3.5
Contributions from plan participants	0.6	0.6		
Benefit payments	(15.0)	(13.7)	(3.2)	(3.5)
At the end of the period	**129.9**	**123.2**	**0.7**	**0.7**
Actual return on plan assets	**8.5**	**5.0**	**(0.0)**	**(0.0)**

Amounts recognized in comprehensive income (in million EUR)	Pensions 2014	2013	Other 2014	2013
Service cost				
Current service cost	(4.5)	(4.6)	(1.6)	(1.5)
Cost of early retirement	(0.7)	(0.9)		
Past service cost		(0.5)		
Actuarial gains/(losses) on defined benefit obligation			(1.8)	(5.3)
Net interest on the net defined benefit liability/(asset)				
Interest cost on defined benefit obligation	(4.0)	(4.7)	(1.6)	(1.8)
Interest income on plan assets	2.9	3.2	0.0	0.0
Other				
Defined benefit costs recognized in profit or loss	**(6.2)**	**(7.6)**	**(5.0)**	**(8.6)**
Actuarial gains(losses) on defined obligation arising from				
1/ Changes in demografic assumptions		12.1		0.8
2/ Changes in financial assumptions	(17.5)	4.1	(7.8)	(3.4)
3/ Changes from experience adjustments	4.6	(4.0)	1.0	(0.5)
Return on plan assets (excluding interest income on plan assets)	5.6	1.9		
Remeasurements of net defined benefit(liability)/asset recognized in Other Comprehensive Income (OCI)	**(7.3)**	**14.0**	**(6.8)**	**(3.0)**
Total	**(13.5)**	**6.4**	**(11.8)**	**(11.6)**

(in million EUR)	2014	2013
Breakdown of defined benefit obligation by type of plan participants	**(225.9)**	**(212.0)**
Active plan participants	(147.7)	(138.1)
Terminated plan participants with def. benefit entitlements	(2.9)	(2.7)
Retired plan participants and beneficiaries	(75.2)	(71.2)
Breakdown of defined benefit obligation by type of benefits	**(225.9)**	**(212.0)**
Retirement and death benefits	(164.5)	(159.1)
Other post-employment benefits (medical and tariff reduct.)	(41.9)	(35.3)
Seniority payments	(19.5)	(17.6)

In determining the appropriate discount rate, the Group considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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 members (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 group calculates the net interest on the net defined benefit liability (asset) using the same high quality bond discount rate (cfr above) used to measure the defined benefit obligation (the net interest approach). 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.

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 bonds. The difference between the actual return on assets and the interest income on plan assets is included in the remeasurements component (OCI). Currently the plan has a relatively balanced investment presented as follows:

Fair value of the plan assets per major category	2014	2013
Investments quoted in an active market	**82.26%**	**79.32%**
Shares - Eurozone	15.20%	14.61%
Shares - outside Eurozone	13.08%	11.57%
Government bonds - Eurozone	5.39%	4.21%
Other bonds - Eurozone	39.50%	43.97%
Other bonds - outside Eurozone	9.09%	4.96%
Unquoted investments	**17.74%**	**20.68%**
Qualifying insurance contracts		
Property	4.20%	4.76%
Cash and cash equivalents	0.79%	1.60%
Other	12.75%	14.32%
Total (in %)	**100.00%**	**100.00%**
Total (in million EUR)	117.5	114.4

Due to the long-term nature of the plan liabilities, the board of the pension fund, of which Elia Transmission (Belgium) is a member, 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.

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.

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.
For the Belgian Defined benefit plans a study has been performed in 2013 in order to determine the mortality tables that fit the best the historical observation of the portfolio. The resulting mortality tables are the MR/FR tables for the pensioners and the MR (corrected with 5 years) / FR (without correction) for the active people.
For the German defined benefit plans no changes to the mortality table were deemed necessary (we refer to the actuarial assumptions table below for more details).

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.

ACTUARIAL ASSUMPTIONS

(in %)	2014	2013
Discount rate		
- Pensions	1.55	2.92
- Other	1.89	3.24
Expected average salary increase (excluded inflation)	2.00	2.00
Expected inflation	1.75	2.00
Expected increase of health benefits (included inflation)	2.75	3.00
Expected increase of tariff advantages	1.75	2.00
Average assumed retirement age		
- Employee	62	62
- Manager	63	63
Mortality table used		
- Active personnel	MR(-5)/FR	MR(-5)/FR
- Inactive personeel	MR/FR	MF/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	22.0	22.0

(in years)	2014	2013
Weighted average duration of the defined benefit obligation	10	9

The actual return on plan assets in % for 2014 for the Belgian segment corresponded to 6.70 %.

The Group expects to contribute €10.2 million to its defined benefit pension plans and €3.0 million to its defined contribution plans in 2015.

SENSITIVITY ANALYSIS

(in million EUR)	Increase (+) / Decrease (-)
Impact of the net defined benefit obligation of an increase in:	
Discount rate (0.5% movement)	(12.7)
Average salary increase - excl. inflation (0.5% movement)	(10.6)
Inflation (0.25% movement)	(5.6)
Increase of healthcare care benefits (1.0% movement)	(4.2)
Increase of tariff advantages (0.5% movement)	(1.4)
Life expectancy of pensions (1 year)	(3.9)

REMEASUREMENTS OF POST-EMPLOYMENT BENEFIT OBLIGATIONS

(in million EUR)	2014	2013
Cumulative amount at 1 January	(6.7)	(13.9)
Recognised in the period	(10.6)	7.3
Cumulative amount at 31 December	**(17.3)**	**(6.7)**

The remeasurements of post-employment benefits include the portion of 50Hertz Transmission (Germany) (Joint Arrangement) amounting to €2.2 million, net of tax.

Below table represents the actuarial gains and losses recognized in other comprehensive income per nature of Elia Transmission (Belgium):

Remeasurements of defined benefit obligation arising from	Pensions		Other	
(in million EUR)	2014	2013	2014	2013
1/ Changes in demographic assumptions	0.0	4.0	0.0	0.3
2/ Changes in financial assumptions	(17.5)	4.1	(7.8)	(3.4)
3/ Changes from experience adjustments	4.6	4.0	1.0	0.1
Return on plan assets (excl interest income on plan assets)	5.6	1.9	0.0	0.0
Remeasurements of net defined benefit (liability)/asset	**(7.3)**	**14.0**	**(6.8)**	**(3.0)**

RECOVERABLE AMOUNT IN FUTURE TARIFFS

In accordance with a study report issued by the CREG, management is of the opinion that it is virtually certain that the defined benefit obligation existing as at 31 December 2001 (which represents and amount of €73.7 million as at 31 December 2014) have been accepted by the CREG as reasonable expenses in the regulatory framework in Belgium once the premiums are paid out, and will therefore be passed on in future tariffs. This amount has therefore been included underother financial assets (see Note 7.4).

7.12. Provisions

(in million EUR)	Environment	Litigation	Total
Balance at 1 January 2013	18.9	5.2	24.1
Increase in provisions	1.6	2.9	4.5
Reversals of provisions	(1.1)	(0.2)	(1.3)
Utilization of provisions	(3.4)	(0.2)	(3.6)
Balance at 31 December 2013	**16.1**	**7.7**	**23.7**
Long term portion	10.3	7.7	17.9
Short term portion	5.8	0.0	5.8
Balance at 1 January 2014	16.1	7.7	23.7
Increase in provisions	3.1	6.4	9.5
Reversals of provisions	(1.6)	(2.6)	(1.6)
Utilization of provisions	(0.6)	(0.2)	(3.3)
Balance at 31 December 2014	**17.0**	**11.3**	**28.3**
Long term portion	10.5	11.3	21.9
Short term portion	6.5	0.0	6.5

The utilization of provisions for environment is mainly related to further soil research and remediation on certain sites in Flanders, Brussels and Wallonia for a total amount of €0.6 million. On the one hand, a reversal for an amount of €1.6 million was recorded for sites in the Brussels region and in Wallonia; and on the other hand an increase for an amount of €3.1 million, for sites in Wallonia and Flanders, following on new estimates.
The estimates are based on the appraisal of an external expert bearing in mind the BATNEEC (Best Available Techniques Not Entailing Excessive Costs) principle.

The provision for litigation has been established to cover likely payment as a result of cases in which legal proceedings have been instituted against the Group by a third party or in which the Group is involved in a legal dispute.

These estimates are based on the value of claims filed or on the estimated amount of the risk exposure.
The expected timing of the related cash outflow depends on the progress and duration of the associated procedures.

The changes in provisions are presented in Note 6.3.

7.13. Other non-current liabilities

(in million EUR)	2014	2013
Investment grants	2.5	2.5
Total	**2.5**	**2.5**

The investment grants consist of deferred income for capital subsidies received from the European Union and the Brussels region.

7.14. Trade and other payables

(in million EUR)	2014	2013
Trade debts	198.8	109.7
VAT, other taxes	9.1	2.2
Remuneration & social security	27.2	26.4
Dividend	1.5	2.0
Levies	47.4	48.1
Other	17.3	13.4
Total	**301.2**	**201.8**

The outstanding payable position for levies can be split into federal green certificates (€33.6 million), federal certificates for offshore wind energy (€7.7 million) and levy for financing the connection of offshore windparks (€6.1 million).
The section “Other” consists mainly of cash guarantees received from customers and advance payments for projects.

7.15. Accruals and deferred income

(in million EUR)	2014	2013
Accruals and deferred income	11.4	6.8
Settlement mechanism Belgium	216.1	105.9
Total	**227.5**	**112.7**

The settlement mechanism is described under section “Regulatory Framework and tariffs”. The change in the settlement mechanism in Belgium is described in Note 4.1.

The settlement mechanism of Belgium 2014 is set out in the table here below:

(in million EUR)	Belgium
To be refunded to the tariffs of current period	(4.9)
To be reimbursed by the tariffs of the current period	176.7
Discount future tariffs	**171.8**
Moratorium interest on income tax	44.3
Settlement mechanism	**216.1**

7.16. Financial instruments – fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

(in million EUR)	Carrying amount						Fair value			
	Designated at fair value	Fair value - hedging instruments	Held-to-maturity investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2013										
Other financial. assets	13.5					13.5	13.3		0.3	13.5
Trade and other receivables				292.7		292.7				0.0
Cash and cash equivalents				242.7		242.7				0.0
Interest rate swaps used for		(27.5)				(27.5)		(27.5)		(27.5)
Unsecured financial bank loans and other					(627.0)	(627.0)		(627.0)		(627.0)
Unsecured bond issues					(2,244.0)	(2,244.0)		(2,244.0)		(2,244.0)
Trade and other payables					(201.7)	(201.7)				0.0
Total	**13.5**	**(27.5)**	**0.0**	**535.4**	**(3,072.8)**	**(2,551.3)**	**13.3**	**(2,898.6)**	**0.3**	**(2,885.0)**
31 December 2014										
Other financial assets	13.6					13.6	13.3		0.3	13.6
Trade and other receivables				302.8		302.8				0.0
Cash and cash equivalents				171.1		171.1				0.0
Interest rate swaps used for		(25.4)				(25.4)		(25.4)		(25.4)
Unsecured financial bank loans and other					(619.7)	(619.7)		(619.7)		(619.7)
Unsecured bond issues					(2,090.6)	(2,090.6)		(2,427.9)		(2,427.9)
Trade and other payables					(301.2)	(301.2)				0.0
Total	**13.6**	**(25.4)**	**0.0**	**473.9**	**(3,011.5)**	**(2,549.5)**	**13.3**	**(3,072.9)**	**0.3**	**(3,059.4)**

Above tables do not include fair value information for financial assets and liabilities not measured at fair value, such as cash and cash equivalents, major portion of trade and other receivables, trade and other payables as their carrying amount is a reasonable approximation of fair value.

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm’s length transaction. IFRS 7 requires, for financial instruments that are measured in the balance sheet at fair value, the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- **Level 1:** The fair value of a financial instrument that is traded in an active market is measured based on quoted (unadjusted) prices for identical assets or liabilities. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis;
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), the instrument is included in level 2;
- **Level 3:** If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in level 3.

FAIR VALUE

As the loan has a variable interest rate, the carrying amount of the loan is equal to the fair value.

The fair value of the financial assets and liabilities, other than those presented in the above table, approximates their carrying amounts largely due to the short-term maturities of these instruments.

FAIR-VALUE HIERARCHY

The fair value of 'sicavs' belongs to level 1, i.e. valuation is based on the (unadjusted) listed market price on an active market for identical instruments.

The fair value of interest rate swaps belongs to level 2, which entails that valuation is based on input from other prices than the stated prices, where these other prices can be observed for assets or liabilities. This category includes instruments valued on the basis of listed market prices on active markets for such instruments; listed prices for identical or similar instruments on markets that are deemed less than active; or other valuation techniques arising directly or indirectly from observable market data.

ESTIMATE OF FAIR VALUE

Derivatives

Brokers' statements are used for interest-rate swaps. The statements are controlled using valuation models or techniques based on discounted cash flows.
The models incorporate various inputs including the credit quality of counterparties and interest rate curves at the end of the reporting period. As at 31 December 2014 the counterparty risk is nihil as a result of the negative market value of the IRS. The Group's own non-performance risk has been estimated to be close to nihil as well.

Interest-bearing loans

The fair value is calculated on the basis of the discounted future redemptions and interest payments.

8. Miscellaneous

8.1. Effect of new acquisitions/sales of shares

ACQUISITIONS IN SEGMENT ELIA TRANSMISSION (BELGIUM)

Incorporation of EGI

On 28 March 2014, the subsidiaries Elia Grid International SA and Elia Grid International GmbH ("EGI") were established. Both companies supply specialists in consulting, services, engineering, and procurement, creating value by delivering solutions based on international best practice, while fully complying with regulated business environments.
Elia Grid International SA holds all the shares in Elia Grid International GmbH. The shares in Elia Grid International SA are held by Elia System Operator (50.01% of the shares) and 50Hertz Transmission (49.99% of the shares). Hence, the Group owns 80% of Elia Grid International SA, while the other 20% is held by Industry Funds Management Luxembourg (IFM) (through its stake in 50Hertz Transmission, which in turn holds 49.99% of the shares in Elia Grid International SA). EGI is accounted for by the Group as a subsidiary (full consolidation with minority interest).

Acquisition of 36.81% stake in Ampacimon in 2013

The group holds a stake of 36.81% in Ampacimon NV, a Belgian company active in developing innovative monitoring systems which are put at the disposal of TSO's, in order for them to be able to anticipate more quickly on changes in energy demands and offer.
Elia System Operator converted her long term debt, which was provided to Ampacimon d.d. 24 June 2011, amounting to €200,000 into 2,200 shares, and paid an additional €120,000, good for 600 shares, to hold a stake of 36.81% since July 1 2013.

Sale of portion of apx shares following partial demerger of the company

As of 1 March 2013 APX-ENDEX has been split into a "power spot and clearing entity (APX)" and "a derivatives and spot gas entity (Endex)", which has been sold to Intercontinental Exchange Inc (ICE). As a result of this transaction, the amount invested in APX decreased from €25.5 million to €16.9 million but Elia System Operator SA/NV's stake in the share capital increased from 23.07% on 31 December 2012 to 29.2%. The remaining shares are held by TenneT Holding B.V. (70.8%).
Both activities (power and gas) were valued in order to be able to demerge both activities. Taking into account the valuations and the sales price we received for the gas activity (€11.6 million), the stake decreased by €11.2 million compared to 2012.

ACQUISITIONS IN SEGMENT 50HERTZ TRANSMISSION (GERMANY)

Incorporation of FSCNET Services

50Hertz Transmission GmbH acquired in a share of 10.00% of the newly incorporated company TSCNET Services GmbH for a total amount of €0.1 million.
TSCNET Services GmbH was registered on the 10th November 2014, one year after opening the TSC TSOs – Joint Office. Since 2013, experts dispatched from TSC member TSOs work in Munich day and night (24/7), providing tailor-made coordination services for operational planning, forecast data merging, congestion assessment and capacity calculation for the control centres of TSOs in continental Europe using the common IT platform CTDS. Its member TSOs are 50Hertz (Germany), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), Energinet.dk (Denmark), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), Swissgrid (Switzerland), TenneT TSO (Germany), TenneT TSO (the Netherlands) and TransnetBW (Germany).

Acquisition of extra share in EEX

In 2014, 50Hertz Transmission acquired extra shares in the European Energy Exchange (EEX) worth €5.0 million and therefore now holds 4.3% of the shares in EEX, amounting to €10.4 million in total. In accordance with the Group's accounting policies, EEX is measured at cost value because there is no quoted price on an active market and the fair value cannot be reliably measured;

Acquisition of 2.25% stake in European Energy Exchange (EEX) in 2013

On 3 May 2013 50Hertz acquired 700,000 shares in the European Energy Exchange (EEX) for €4.2 million and an additional 200,000 shares for €1.2 million in December 2013. As a result of these acquisitions 50Hertz held 2.25% of EEX. Additional acquisitions in 2014 were planned, to increase share above 4.2 %

8.2. Financial risk and derivative management

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Group aims to identify each risk and set out strategies to control the economic impact on the Group's results.
The Internal Audit & Risk Management Department defines the risk management strategy, monitors the risk analysis and reports to the management and the Audit Committee. The financial risk policy is implemented by determining appropriate policies and setting up effective control and reporting procedures. Selected derivative hedging instruments are used depending on the assessment of risk involved. Derivatives are used exclusively as hedging instruments. The regulatory framework in which the Group operates considerably restricts their effects on profit or loss (see the 'Regulatory framework and tariffs' chapter). The major impact of increased interest rates, credit risk, etc. can be settled in the tariffs, in accordance with the applicable legislation.

CREDIT RISK

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the company in relation to lending, hedging, settlement and other financial activities. The company is exposed to credit risk from its operating activities and treasury activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers. The exposure to credit risk is monitored on an ongoing basis, resulting in a request to deliver bank guaranties from the counter- party for some major contracts.

At the end of the reporting period there were no significant concentrations of credit risks. The maximum credit risk is the carrying amount of each financial asset, including derivative financial instruments.

(in million EUR)	2014	2013
Loans and receivables	138.4	131.6
Cash and cash equivalents	171.1	242.7
Immediately claimable deposits	13.3	13.3
Interest rate swaps used for hedging:		
Liabilities	(25.4)	(27.5)
Total	**297.4**	**360.1**

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

(in million EUR)	Bad debtors	Impairment losses	Remaining balance
Opening balance	1.5	(1.2)	0.3
Balance at 31 December 2013	**1.5**	**(1.2)**	**0.3**
Opening balance	1.5	(1.2)	0.3
Balance at 31 December 2014	**1.5**	**(1.2)**	**0.3**

The Group believes that the unimpaired amounts overdue by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available. The credit quality of trade and other receivables is assessed based on a credit policy.

CURRENCY RISK

The Group is not exposed to any significant currency risk, either from transactions or from exchanging foreign currencies into euro, since it has no foreign investments or activities and less than 1% of its costs are expressed in currencies other than the euro.

LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to meet its financial obligations. The Group limits this risk by constantly monitoring cash flows and ensuring that there are always sufficient credit line facilities available.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, confirmed and unconfirmed credit facilities, commercial paper program, etc. For medium- to long-term funding, the Group uses bonds. The maturity profile of the debt portfolio is spread over several years. The Group Treasury frequently assesses its funding resources taking into account its own credit rating and general market conditions.

Referring to the bond issues in 2009, 2010, 2013 and 2014, access to sources of funding should sufficiently be available.

(in million EUR)	Closing Balance	Expected cash outflows	6 months or less	6-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities	**3,072.8**	**(3,767.1)**	**(810.8)**	**(4.0)**	**(90.8)**	**(772.2)**	**(2,089.2)**
Unsecured bond issues	2,244.0	(2.854.2)	(533.0)	0.0	(79.3)	(681.7)	(1,560.2)
Unsecured financial bank loans and other loans	627.0	(711.0)	(76.0)	(4.0)	(11.5)	(90.5)	(529.0)
Trade and other payables	201.8	(201.8)	(201.8)				
Derivative financial liabilities	**27.5**	**(31.0)**	**(4.0)**	**(4.1)**	**(7.7)**	**(15.3)**	**0.0**
Interest rate swaps used for hedging	27.5	(31.0)	(4.0)	(4.1)	(7.7)	(15.3)	
Total at 31 December 2013	**3,100.3**	**(3,798.1)**	**(814.8)**	**(8.1)**	**(98.5)**	**(787.5)**	**(2,089.2)**
Non-derivative financial liabilities	**3,011.5**	**(3,756.2)**	**(395.2)**	**(4.8)**	**(640.5)**	**(730.7)**	**(1,984.9)**
Unsecured bond issues	2,090.6	(2,766.6)	(28.0)	0.0	(589.5)	(684.9)	(1,464.2)
Unsecured financial bank loans and other loans	619.7	(688.4)	(66.0)	(4.8)	(51.0)	(45.9)	(520.7)
Trade and other payables	301.2	(301.2)	(301.2)				
Derivative financial liabilities	**25.4**	**(24.4)**	**(4.2)**	**(4.3)**	**(8.0)**	**(7.9)**	**0.0**
Interest rate swaps used for hedging	25.4	(24.4)	(4.2)	(4.3)	(8.0)	(7.9)	
Total at 31 December 2014	**3,036.9**	**(3,780.5)**	**(399.5)**	**(9.1)**	**(648.5)**	**(738.6)**	**(1,984.9)**

Elia Transmission successfully issued a €350 million 15-year Eurobond as part of its €3 billion EMTN programme. Investors reacted very positively during the development of the order book, with more than €1.7 billion being received in offers from over 150 investors from 32 countries. This transaction once again highlights Elia's quality and attractiveness on the bond market. The credit margin for the transaction was set at 82 bp above the mid-swap rate for 15-year bonds, resulting in a 3.0% coupon. The proceeds from the bond issue were used to pay back loans that came to maturity in May and for general corporate purposes.

In June, Elia Transmission concluded five bilateral long-term credit facilities with the banks BNP Paribas Fortis, JP Morgan, KBC, Rabobank and ING. These credit facilities (with a term of three years) are part of the refinancing of a €500 million bond loan due in April 2016.

Details of the used and unused back-up credit facilities are set out here below:

(in million EUR)	Maturity	Available amount	Average basic interest	Amount used	Amount not used
Confirmed credit line	30/06/2017	125.0	Euribor + 0.30%	0.0	125.0
Confirmed credit line	30/06/2017	125.0	Euribor + 0.30%	0.0	125.0
Confirmed credit line	30/06/2017	100.0	Euribor + 0.30%	0.0	100.0
Confirmed credit line	30/06/2017	100.0	Euribor + 0.30%	0.0	100.0
Confirmed credit line	30/06/2017	100.0	Euribor + 0.30%	0.0	100.0
Uncommitted credit line facility	unlimited	100.0	Euribor + marge when concluding the deal	0.0	100.0
Belgian dematerialised treasury notes	unlimited	250.0	Euribor + marge when concluding the deal	0.0	250.0
Total		**900.0**		**0.0**	**900.0**

Following conditions are required in respect to the 5 confirmed credit lines:

- Rating shall at least be BBB-;
- Negative pledge: (i) the borrower will not, neither will its material subsidiaries, create, grant or permit to subsist any Security Interest upon, or with respect to, the whole or part of its business, undertaking, assets or revenues present or future to secure any Relevant debt of any person, including the borrower or any of its Material subs, or any guarantee of or indemnity in respect of any relevant Debt of any person, incl Borrower or Material subs;
- Elia keeps its licence as transmission grid operator;
- Utilization of the credit lines needs to be spread over all the banks proportionally to the amounts of the credit line;
- Elia keeps at least 75% in Elia Asset;
- Equity/debt-ratio near 33%/67%;
- Compliance Certificate must be provided to all banks on a 6 monthly basis.

The group ensures above mentioned covenants are not breached, through periodic assessment.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-

term debt obligations with floating interest rates.
The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

The table (see Note 7.10) shows the average interest rate at the balance sheet date.

SENSITIVITY ANALYSIS

Changes in the interest rates will not affect the consolidated result in the short and long term as the Group operates within a regulatory framework where the consequences of fluctuations in financial expenses are mainly recovered in tariffs, except for the items which are directly recognized through OCI.

FAIR VALUE SENSITIVITY ANALYSIS FOR INTEREST RATE SWAPS

A change of 100 basis points in interest rates would have increased (decreased) other comprehensive income by the amounts shown below:

(in million EUR)	100 bp increase	100 bp decrease
Interest rate swaps - Impact in equity	(5.8)	5.8

HEDGING

All financial derivatives the Group enters into relate to an underlying transaction or forecasted exposure, depending on the expected impact on the income statement, and if the stringent IAS 39 criteria are met, the Group decides on a case-by-case basis whether hedge accounting will be applied. The following paragraphs describe the transactions whereby hedge accounting is applied. At 31 December 2014 the Group has no transactions which do not qualify for hedge accounting.

In accordance with the hedge accounting rules, all derivative financial instruments are designated as cash-flow hedges and valued at fair value. Consequently, the portion of the gain or loss on the derivative financial instrument that can be considered an effective hedge is reflected directly in equity (hedging reserves net of tax).

Interest-rate swaps have an interest rate varying from 4.4% to 4.41%. As at 31 December 2014, the Group held hedging instruments with a contracted reference value of €200.0 million. The net fair value of the swaps as at 31 December 2014 totalled €25.4 million and was entirely composed of liabilities. The amounts are included as derivatives at fair value.

As at 31 December 2014, no financial expenses resulting from ineffective cash-flow hedges are included in profit or loss.

CAPITAL RISK MANAGEMENT

The purpose of the Group’s capital structure management is to maintain the debt and equity ratios related to the regulated activities in line with the requirement of the regulatory framework (one-third equity and two-thirds debt capital). This approach allows the Group to manage the security of the liquidity at all times via flexible access to capital markets, so as to be able to finance strategic projects and to offer an attractive remuneration to shareholders.

The company’s dividend policy involves optimising dividend payments while still bearing in mind that there is a requirement to reserve a part of the profit resulting from decommissioning of fixed assets, included in the tariff. Reserving this part of the profit as equity boosts the company’s self-financing capacity needed to carry out its legal mission.

The company offers the employees the opportunity to subscribe to capital increases that are exclusively reserved for them.

8.3. Commitment and contingencies

OPERATING LEASE COMMITMENTS – GROUP AS A LESSEE

The Group entered into commercial leases on motor vehicles, IT equipment and office buildings. The leases related to cars and IT equipment have an average life of three years; the contracts regarding the buildings have a normal term of nine years, with the possibility of renewing the lease after that. Renewals are at the option of the specific entity that holds the lease.

Future minimum rentals payable under non-cancellable operating leases are as follow:

(in million EUR)	<1 year	1–5 years	>5 years
Buildings	2.9	6.6	0.0
Cars, it equipment and others	6.0	10.0	0.0
Balance at 31 December 2013	**8.9**	**16.6**	**0.0**
Buildings	4.0	3.2	0.0
Cars, it equipment and others	5.3	9.9	0.0
Balance at 31 December 2014	**9.3**	**13.1**	**0.0**

The following expenses related to these lease contracts were recognised in the income statement:

(in million EUR)	2014	2013
Buildings	4.3	4.5
Cars, it equipment and others	5.8	6.2
Total	**10.1**	**10.7**

OPERATING LEASE COMMITMENTS – GROUP AS A LESSOR

The Group has entered into commercial property leases on certain elements of property, plant and equipment, mainly consisting of optimising use of sites and high-voltage pylons. These leases have remaining terms of a minimum of nine years.
Future minimum rental receivables are as follows:

(in million EUR)	<1 year	1–5 years	>5 years
Telecom	12.0	10.2	15.9
Buildings	0.2	0.3	0.0
Balance at 31 December 2013	**12.2**	**10.5**	**15.9**
Telecom	12.7	9.8	14.2
Buildings	0.2	0.3	0.0
Balance at 31 December 2014	**12.8**	**10.2**	**14.2**

The following revenue related to these lease contracts was recognised in the income statement:

(in million EUR)	2014	2013
Telecom	12.8	11.8
Buildings	0.2	0.2
Total	**13.0**	**11.9**

CONTINGENT RENTS – PURCHASE OPTION

The Group has no contracts which include contingent rental payments.
No purchase options were agreed in the significant lease contracts.

CAPITAL COMMITMENT

As at 31 December 2014, the Group has a commitment of €917.5 million relating to the purchase and installation of property, plant and equipment for further grid extensions. These capital commitments include the capital commitments of the German segment for an amount of €1,045.9 million (at 60% stake of Elia).

OTHER COMMITMENTS

As at 31 December 2014, the Group has a commitment of €120.9 million relating to different topics (e.g. repair commitments, operational purchase commitments, maintenance). These commitments include the commitments of the German segment for an amount of €9.4 million (at 60% stake of Elia).

CONTINGENCIES

Settlement mechanism

A calculation of the amount is given in the 'Regulatory framework and tariffs' chapter.

The group operates in a regulated context which states that tariffs must make it possible to realise total revenue consisting of:

1. a reasonable return on invested capital,

2. all reasonable costs which are incurred by the Group.

Since the tariffs are based on estimated figures, there is always a difference between the tariffs that are actually charged and the tariffs that should have been charged to cover all reasonable costs of the system operator and to provide shareholders with a reasonable profit margin on their investment.

If the applied tariffs result in a surplus or a deficit at the end of the year, this means that the tariffs charged to consumers/the general public could have been respectively lower or higher (and vice versa). The Group is convinced that a surplus or deficit arising from the settlement mechanism must not be classified as revenue or an expense, or as an item under equity.

On a cumulative basis, it could be argued that the public has made an advance payment (=surplus) for its future use of the network. As such, the surplus (deficit) is not a commission for a future loss (recovery) of income but instead a deferred/accrued revenue to (with regard to) consumers. On the basis of the Regulatory framework, the Group believes that the surplus (deficit) does not represent an item of revenue (cost). Consequently, the Group booked these amounts under section 'Accruals and deferred income' (see Note 7.15).

8.4. Related parties

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The key management includes members of the Board of Directors and Elia's Management Committee.

The members of the Board of Directors are no employees of the Group. The remuneration of their mandate is detailed in the Corporate Governance Statement of this annual report.

The members of Elia's Management Committee are hired as employees and the components of their remuneration are set out below. Members of the Management Committee do not receive stock options, special loans or other advances from the Group.

(in million EUR)	2014	2013
Short term employee benefits	**2.0**	**2.5**
Basic remuneration	1.5	1.7
Variable remuneration	0.5	0.8
Post-employment benefits	**0.3**	**0.5**
Other variable remuneration	**0.6**	**0.7**
Total gross remuneration	**2.9**	**3.6**
Number of persons (in units)	6	7
Average gross remuneration per person	0.5	0.5
Number of shares (in units)	22,128	32,160

In addition Elia's Management Committee also assessed whether transactions occurred with entities in which they or members of the Board of Directors exercise a significant influence (e.g. positions as CEO, CFO, vice-presidents of the Management Committee, etc.). Significant transactions occurred in 2014, all at arms' length, with some distribution system operators. The total amount of realized sales equals to €98.0 million. The total amount of expenses equals to €6.3 million. As per 31 December 2014 there was an outstanding trade receivable position of €0.2 million and no significant outstanding trade debt position.

The disclosures relating to the Belgian Governance Code are included in the Corporate Governance Statement of this annual report.

TRANSACTIONS WITH JOINT ARRANGEMENTS AND ASSOCIATED COMPANIES

Transactions between the company and its subsidiaries which are related parties were eliminated during consolidation and therefore are not recognised in this note. All transactions are at arm's length.

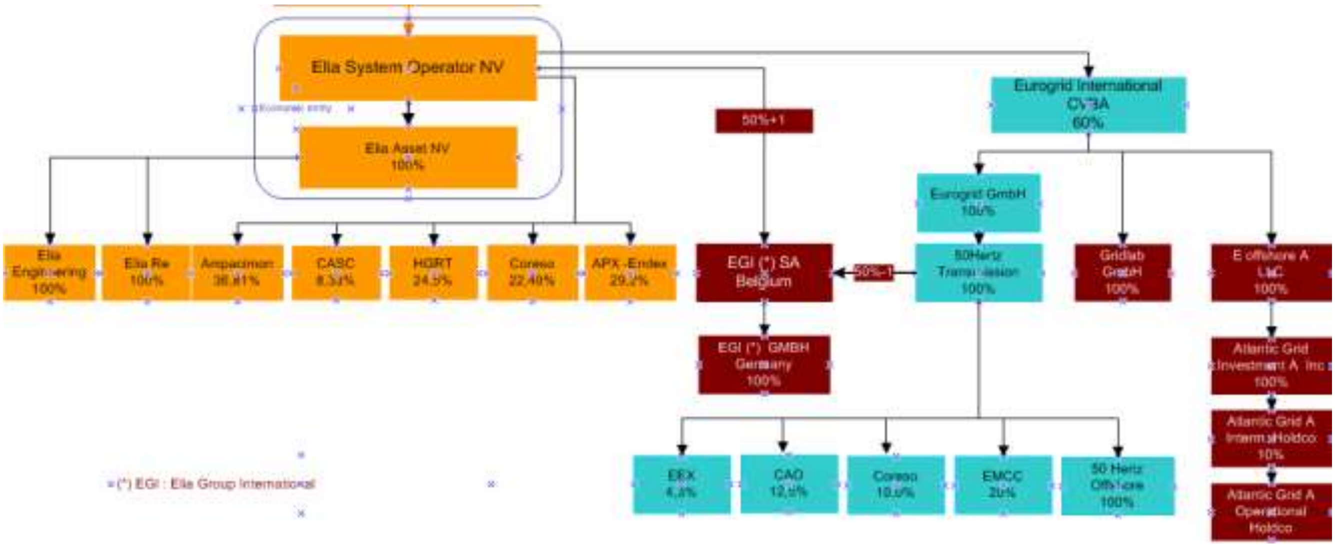
In the 2014 and 2013 financial years, there were no transactions with 50Hertz Offshore, E-Offshore, Atlantic Grid Investment and HGRT.

Details of transactions with other related parties are shown below.

(in million EUR)	2014	2013
Transactions with joint arrangements and associated companies	**1.9**	**10.3**
Sales of goods	1.9	7.1
Purchases of goods	0.0	(3.2)
Interest and similar revenue	0.0	0.0
Outstanding balances with joint arrangements and associated companies	**(16.2)**	**0.1**
Long-term debtors	0.0	0.0
Trade debtors	1.0	0.4
Trade debts	(17.2)	(0.3)

8.5. Subsidiaries, joint arrangements and associates

GROUP STRUCTURE OVERVIEW



SUBSIDIARIES

Elia System Operator SA has direct and indirect control of the subsidiaries listed hereafter.

All the entities keep their accounts in euro (except E-Offshore A LLC, Atlantic Grid Investment A Inc and Atlantic Grid A LLC, whose accounts are held in USD) and have the same reporting date as Elia System Operator SA (except Eurogrid International SCRL).

Name	Country of establishment	Headquarters	Stake % 2014	2013
Elia Asset SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Engineering SA	Belgium	Bd de l'Empereur 20,1000 Brussels	100.00	100.00
Elia Re SA	Luxembourg	Rue de Merl 65,2146 Luxembourg	100.00	100.00
Elia Grid International SA	Belgium	Bd de l'Empereur 20,1000 Brussels	80.00	-
Elia Grid International GmBH	Germany	Eichenstraße 3a,12435 Berlin	80.00	-
JOINT ARRANGEMENTS				
Eurogrid International CVBA	Belgium	Bd de l'Empereur 20,1000 Brussels	60.00	60.00
Eurogrid GMBH	Germany	Eichenstraße 3a,12435 Berlin	60.00	60.00
50Hertz Transmission GmbH	Germany	Eichenstraße 3a,12435 Berlin	60.00	60.00
50Hertz Offshore GmbH	Germany	Eichenstraße 3a,12435 Berlin	60.00	60.00
Gridlab GmbH	Germany	Sielowerstraße 5,03044 Cottbus	60.00	60.00
E-Offshore A LLC	U.S.	874, Walker Road, Suite C, 19904 Dover, Delaware	60.00	60.00
Atlantic Grid Investment A Inc	U.S.	1209 Orange Street,19801 Wilmington, Delaware	60.00	60.00
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
H.G.R.T S.A.S.	France	1 Terrasse Bellini,92919 La Défense Cedex	24.50	24.50
Coreso SA	Belgium	Avenue de Cortenbergh 71,1000 Brussels	28.49	28.49
APX Group	Netherlands	Strawinksylaan 729,1077 XX Amsterdam	29.16	29.16
Ampacimon SA	Belgium	Rue des Chasseurs Ardennais 3,4031 Angleur	36.81	36.81
OTHER PARTICIPATIONS				
CASC.EU	Luxembourg	2 Rue de Bitbourg,1273 Luxembourg-Hamm	8.33	8.33
EMCC European Market Coupling	Germany	Hopfenmarkt 3120457 Hamburg	12.00	12.00
CAO Central Allocation Office GmbH	Germany	Gute Änger 15,85356 Freising	6.66	7.50
Altantic Grid A LLC	U.S.	4445, Willard Av, Suite 1050,20815 Chevy Chase, Maryland	6.00	6.00
European Energy Exchange (EEX)	Germany	Augustusplatz 9,04109 Leipzig	4.32	2.25
TSCNET Services GmbH	Germany	Dingolfinger Strasse 3,81673 Munich	10.00	-

8.6. Subsequent events

On January 14, 2015, the Board of Directors ended the collaboration with Jacques Vandermeiren, Chief Executive Officer of the company, due to a divergence in visions. The Board of Directors has appointed François Cornélis[2] as interim Chief Executive Officer. François Cornelis has held several top management posts in leading companies from the energy sector such as Petrofina and Total, both in Belgium and abroad. The procedure to appoint a new CEO is started immediately. The Board of Directors confirms the continuity of the large infrastructure projects and the international development of Elia and 50Hertz.

8.7. Services provided by the auditors

The General Meeting of Shareholders appointed the joint auditors KPMG Bedrijfsrevisoren Burg. CVBA (represented by Benoit Van Roost) and Ernst & Young Bedrijfsrevisoren BCVBA (represented by Marnix Van Dooren) for the audit of the consolidated financial statements of Elia System Operator SA and the audit of the statutory financial statements of Elia System Operator SA, Elia Asset SA and Elia Engineering SA.

The Elia group paid to the joint auditors during the year 2014 an amount of €429,121.00 for the annual audit mandates, of which €252,000.00 has been paid to the statutory auditor of the German activities, Ernst & Young.

The fees paid to the joint auditors for other engagements prescribed by the Belgian Company Law and engagements other than those prescribed by the Belgian Company Law amounted to respectively €80,540.00 and €397,282.50 for the year ended 31 December 2014. The latter services related mainly to Asset Management advice (PAS55) and tax and VAT advice.

In addition an amount of €279,679.17 has been paid in 2014 for non-audit services. These fees can be detailed as follows:

(in EUR)	Ernst & Young	KPMG
Attestation missions	79,480.00	
Tax advisory services		45,090.17
IT advisory services		18,000.00
Due diligence		137,109.00
Total	79,480.00	200,199.17

The services were approved by the Audit Committee.

[2] permanent representative of Monticello BVBA/SPRL

JOINT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

ADD REPORT

REGULATORY FRAMEWORK AND TARIFFS

9. Regulatory framework in Belgium

9.1. Federal legislation

The Electricity Act forms the overall basis and lays down the core principles of the regulatory framework governing Elia's activities as a transmission system operator in Belgium.

This Act was heavily amended on 8 January 2012 by the trans- position at federal level of the 3rd package of European directives. The new Electricity Act:

- strengthens the unbundling of transmission activities;
- sets out in greater detail the rules for operating and accessing the transmission system;
- redefines the transmission system operator's legal mission, mainly by expanding it to the offshore areas over which Belgium has jurisdiction; and
- strengthens the role of the regulatory authority, particularly as regards establishing methods for determining transmission tariffs.

A number of royal decrees implement the regulatory framework in more detail, particularly the Royal Decree on the Federal Grid Code. Similarly, the decisions passed by the regulatory authority supplement this framework to create the regulatory framework

9.2. Regional legislation

The three Belgian Regions are primarily responsible for the local transmission of electricity through grids with a voltage equal to or lower than 70 kV in their respective territories. The Regions are not responsible for setting electricity transmission tariffs, which falls under federal jurisdiction. The Flemish Region, the Brussels-Capital Region and the Walloon Region have also transposed into their legislative framework the provisions of the 3rd European package that apply to them. The regional decrees have been complemented by several other rules on matters such as public services, renewable energy and authorisation procedures for suppliers.

9.3. Regulatory agencies

As required by European Union law, the Belgian electricity market is monitored and controlled by independent regulators.

FEDERAL REGULATOR
The Commission for Electricity and Gas Regulation (CREG) is the federal regulator and its powers with regard to Elia include:

- approving the standard terms of the three main contracts used by the company at the federal level: the connection contract, the access contract and the ARP contract;
- approving the capacity allocation system at the borders between Belgium and neighbouring countries;
- approving the appointment of the independent members of the Board of Directors;
- determining the tariff methodologies to be observed by the system operator to ensure that the tariffs for connection to and use of the grid and the tariffs for the provision of ancillary services by Elia are approved;
- certifying that the system operator actually owns the infra- structure that it operates and meets the regulatory requirements for independence from generators and suppliers.

REGIONAL REGULATORS
Operation of electricity grids with voltages of 70 kV and less falls within the jurisdiction of the respective regional regulators. Each of them may require any operator (including Elia if it operates such grids) to abide by any specific provision of the regional electricity rules under the threat of administrative fines or other sanctions. The regional regulators are not empowered to set tariffs for grids that perform the function of transmitting electricity, as tariff setting falls under the sole jurisdiction of CREG for these grids.

9.4. Tariff setting

TARIFF REGULATIONS
On 24 November 2011, CREG adopted and published a decree setting out provisional calculation methods and establishing tariff conditions for connection and access to electricity grids performing a transmission function. Based on this provisional methodology, on 22 December 2011 CREG approved the 2012-2015 tariff proposal submitted by Elia on 30 June 2011 and adapted on 13 December 2011.

On 8 January 2012, the new Electricity Act removed the power to draw up tariff methodologies from the government and conferred this responsibility on the federal regulator, in accordance with the procedures and guidelines laid down by law.

On 28 March 2013, CREG modified the tariff method from 24 November 2011 after consulting the market parties, taking account of the developments in the legislation (specifically the publication of the new Electricity Act of 8 January 2012 transposing the provisions of the Third Package of European Energy Directives into Belgian legislation) and the ruling of the Brussels Court of Appeal of 6 February 2013 (which annulled the earlier decision to approve the transmission tariffs for the period 2012-2015). On 16 May 2013, the CREG Management Committee approved the amended tariff proposal for the period 2012-2015 that Elia had submitted on the basis of the modified method.

TARIFF REGULATIONS APPLYING IN BELGIUM

As the operator of grids performing a transmission function (covering the transmission grid and the local and regional transmission grids in Belgium), Elia makes most of its income from the regulated tariffs charged for use of these grids (tariff income), which are approved in advance by CREG. As of 1 January 2008, the prevailing tariff regulation mechanisms provide for the setting of approved tariffs for four-year periods, barring specific circumstances. The provisional tariff methodology established by CREG at the end of 2011 did not change this system. 2012 was therefore the first year of the second four-year regulatory period.

The tariff mechanism is based on accounts stated in accordance with Belgian accounting regulations (Be GAAP). The tariffs are based on budgeted costs, less a number of sources of non-tariff income. These costs are then divided based on an estimate of the volumes of electricity taken off the grid and, for the first time, in the case of some costs, of electricity injected into the grid, in accordance with the terms of the provisional tariff methodology drawn up by CREG.

The costs taken into account include the forecast value of the authorised fair remuneration and the predicted values of various cost categories, including those that are not subject to application of a productivity improvement factor ('group 1 costs' resulting in balances allocated to the total revenue of a future regulatory period) and those to which a productivity improvement factor is applied ('group 2 costs' whose budget discrepancies result in an increase or decrease of the gross margin).

FAIR REMUNERATION

Fair remuneration is the return on capital invested in the grid. It is based on the average annual value of the regulated asset base (RAB), which is calculated annually, taking into account new investments, depreciations and changes in working capital requirements.

In that context, the following formula, which has been applied since 1 January 2012, is used to calculate the fair remuneration, when consolidated capital and reserves account for more than 33% of the average regulated asset base, as is the case at present:

- A: [33% x average RAB x [(OLO n)+ (Beta x risk premium)]]; plus
- B: [(S – 33%) x average RAB x (OLO n + 70 base points)]; where
- OLO n is the interest rate for Belgian 10-year linear bonds for the year in question;
- S = consolidated capital and reserves/RAB, in accordance with Belgian accounting standards (BE GAAP);
- Beta is calculated based on Elia share prices, compared with the BEL 20 index, over a seven-year period. The value of the product of the beta parameter and the risk premium cannot be lower than 0.7.

PART A

The rate of remuneration (in %) as set by CREG for year 'n' is equal to the sum of the risk-free rate, i.e. the average rate of Belgian 10-year linear bonds and a premium for share market risk, weighted using the applicable beta factor.

The tariff regulations set the risk premium at 3.5%. The applicable beta factor is calculated based on the beta factor for Elia, compared with the BEL 20 index, over a seven-year period. CREG encourages a ratio between equity and regulated asset base that is as close as possible to 33%. The reference ratio of 33% is applied to Elia's average regulated asset base (RAB) to calculate Elia's reference equity.

PART B

If Elia's actual equity is higher than the reference equity, the surplus amount is balanced out with a rate of remuneration calculated using the following formula: [(OLO n + 70 base points)].

Group 1 costs

Costs that are not subject to application of the productivity and efficiency improvement coefficient ('group 1 costs') are an integral part of the costs taken into account when setting tariffs. The tariffs are set based on the forecast values of these costs. Alongside this, the balances (positive or negative), i.e. the difference between the actual costs and the forecast costs, are established ex-post and, in principle, allocated to the total revenue of a future regulatory period.

Group 2 costs

Group 2 costs are subject to an incentive regulation mechanism: in other words, they are subject to application of a productivity and efficiency improvement coefficient. This coefficient indicates the efforts that Elia must make to control such costs, i.e. the authorised costs used to determine the tariffs following application of this factor. Within the 2012-2015 period, the productivity improvement for 2012 was set at €10 million. The budget discrepancies in relation to group 2 costs (positive or negative), i.e. the difference – established ex-post – between the actual and authorised costs, are in principle either added to or deducted from the gross margin.

Incentive to make replacement investments

The CREG has introduced an incentive to ensure that the investments needed to maintain the quality of service provided by the system operator are carried out appropriately and on time. If the actual investment total for the year exceeds 90% of the reference budget for the investments concerned, an additional gross margin equivalent to the excess amount is awarded to the system operator. This amount is capped at 10% of the reference investment budget. It is also subject to conditions regarding compliance with individual project budgets.

Future tariff regulations

As also mentioned, on 18 December 2014 CREG adopted a new decree setting down the tariff methodology that Elia, as a transmission system operator operating grids that perform the function of transmitting electricity, will have to apply when it draws up its tariff proposal for the next regulatory period (1 January 2016 to 31 December 2019). The new decree contains a number of changes from the current methodology: these mostly concern the parameters to be taken into account when determining the fair margin, the introduction of a number of incentives, and the tariff structure to be used to ensure that all the different costs are covered. These features will take effect on 1 January 2016.

10. Regulatory framework in Germany

10.1. Relevant legislation

The German legal framework is laid down in various pieces of legislation. The key law is the German Energy Act (Energiewirtschaftsgesetz – EnWG), which defines the overall legal framework for the gas and electricity supply industry in Germany. The EnWG is supported by a number of laws, ordinances and regulatory decisions, which provide detailed rules on the current regime of incentive regulation, accounting methods and network access arrangements, including:

- the Ordinance on Electricity Network Tariffs (Verordnung über die Entgelte für den Zugang zu Elektrizitätsversorgungsnetzen (Stromnetzentgeltverordnung – StromNEV)), which establishes, inter alia, principles and methods for the grid tariff calculations and further obligations of system operators;
- the Ordinance on Electricity Network Access (Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen (Stromnetzzugangsverordnung – StromNZV), which, inter alia, sets out the further detail on how to grant access to the transmission systems (and other types of grids) by way of establishing the balancing amount system (Bilanzkreissystem), scheduling of electricity deliveries, control energy and further general obligations, e.g. congestion management (Engpassmanagement), publication obligations, metering, minimum requirements for various types of contracts and the duty of certain system operators to manage the 'Bilanzkreissystem' for renewable energy;
- the Ordinance on Incentive Regulation (Verordnung über die Anreizregulierung der Energieversorungsnetze (Anreizregulierungsverordnung – ARegV)), which sets out the basic rules for incentive regulation of TSOs and other system operators (as further described below). It also describes in general terms how to benchmark efficiency, which costs enter the efficiency benchmarking, the method of determining inefficiency and how this translates into yearly targets for efficiency growth.

10.2. Regulatory agencies in Germany

The regulatory agencies for the energy sector in Germany are the Federal Network Agency (Bundesnetzagentur – BNetzA) in Bonn for grids to which over 100,000 grid users are directly or indirectly connected and the specific regulatory authorities in the respective federal states for grids to which fewer than 100,000 grid users are directly or indirectly connected. The regulatory agencies are, inter alia, in charge of ensuring non-discriminatory third-party access to grids and monitoring the grid-use tariffs levied by the TSOs. 50Hertz Transmission and 50Hertz Offshore are subject to the authority of the Federal Network Agency.

10.3. Tariff setting in Germany

The current regulation mechanism is established in Germany by ARegV. According to ARegV, grid tariffs are defined to generate a pre-defined 'revenue cap' as determined by the Federal Network Agency for each TSO and for each regulatory period. The revenue cap is principally based on the costs of a base year, and is fixed for the entire regulatory period, except when it is adjusted to account for specific cases provided for in the ARegV. The system operators are not allowed to retain revenue in excess of their individually determined revenue cap. Each regulatory period lasts five years, the second regulatory period started on 1 January 2014 and will end on 31 December 2018. Tariffs are public and are not subject to negotiation with customers. Only certain customers (under certain fixed circumstances that are accounted for in the relevant legislation) are allowed to agree to individual tariffs according to Article 19 of StromNEV (for example, in the case of sole use of a network asset). The Federal Network Agency has to approve such individual tariffs.

For the purposes of the revenue cap, the costs incurred by a system operator are classified into two categories as follows:

- Permanently non-influenceable costs (PNIC): these costs are fully integrated into the 'revenue cap' and are fully recovered by the grid tariffs, albeit with a two-year time-lag. PNIC includes return on equity, imputed trade tax, cost of debt, depreciation and operational costs (currently at a fixed rate of 0.8 % of the capitalised investment costs of the respective onshore investments) for what are called investment measures. The cost of debt related to investment budgets is currently capped at the lower value of the actual cost of debt or cost of debt as calculated in accordance with a published Federal Network Agency guideline. Since 2012, the costs associated with these investment measures have been based on forecast values. The differences between the forecast values and the actual values are reflected in the regulatory account. In addition, PNIC includes costs relating to ancillary services, grid losses and redispatch costs, as well as European initiatives and income from auctions. These costs and income are included in the revenue cap based on a procedural regulation mechanism set by the Federal Network Agency in accordance with Article 11(2) ARegV (FSV). The regulation process relating to ancillary services and grid losses costs gives the system operator an incentive to outperform the planned costs through bonus/malus mechanisms.
- Temporary non-influenceable costs (TNIC) and influenceable costs (IC): these costs include return on equity depreciation, cost of debt, of imputed trade tax and other operational expenses and are subject to an incentive mechanism as set by the Federal Network Agency, which contains an efficiency factor (only applicable to IC), a productivity factor improvement and an inflation factor (applicable to both TNIC and IC) over a five-year period. In addition, the current incentive mechanism provides for the use of a quality factor, but the criteria and implementation mechanism for such a factor for TSOs are yet to be described by the Federal Network Agency. The various defined factors give the TSOs a medium-term objective to eliminate what are deemed to be inefficient costs. As regards the cost of debt, the allowed cost of debt related to influence able costs needs to be proven as marketable.

- As for return on equity, the relevant laws and regulations set out the provisions relating to the allowed return on equity, which is included in the TNIC/IC for assets belonging to the regulatory asset base and the PNIC for assets approved in investment budgets. For the second regulatory period (2014-2018), the return on equity is set at 7.14 % for investments made before 2006 and 9.05 % for investments made since 2006, based on 40 % of the total asset value regarded as 'financed by equity' with the remainder treated as 'quasi-debt'. The return on equity is calculated before corporate tax and after imputed trade tax.
- In addition to the revenue cap, 50Hertz is compensated for costs incurred related to its renewable energy obligations, including EEG and CHP/KWKG obligations, offshore liabilities… subject to specific regulatory mechanisms aimed at a balanced treatment of costs and income.

CHANGES IN TARIFF REGULATIONS

During 2014 BNetzA conducted an evaluation of the current regulatory framework for grid operators. As a result a report with an extensive analysis of the current system as well as recommendations for a future development was published in January 2015. BNetzA suggests 4 different models with more or less changes on the current system and some general amendments to the regulatory system. Those general suggestions include e.g. an alternative for the regulatory account. The model preferred by the BNetzA (ARegV 2.0) would imply no changes (beyond the general amendments) to the current TSO regulation.

As of 31 December 2014, 50Hertz had obtained approval for 81 of the 92 active investment budget requests made since 2008. Based on the total investment budget request volume of 9,6 bn. € the approved investment budget as of the same date accounts for 5,6 bn. €.

TARIFFS

Grid access tariffs were calculated based on the respective revenue cap and published on a provisional basis on the 15th of October 2014 for the year 2015. As of 1st Jan 2015, they have been redefined for 2015 and have decreased by about 9% compared to 2014 due to one-off impacts in 2015.

11. INFORMATION ABOUT THE PARENT COMPANY

Extracts from the statutory annual accounts of Elia System Operator SA, drawn up in accordance with Belgian accounting standards, are given hereafter in abbreviated form.

Pursuant to Belgian company legislation, the full financial statements, the annual report and the joint auditors' report are filed with the National Bank of Belgium.

These documents will also be published on the Elia website www.elia.be and can be obtained on request from Elia System Operator SA, Boulevard de l'Empereur 20, 1000 Brussels, Belgium. The joint auditors issued an unqualified opinion with an explanatory paragraph thereon.

11.1. Statement of financial position after distribution of profits

ASSETS (in million EUR)	2014	2013
FIXED ASSETS	3,607.5	3,604.9
Financial fixed asset	3,607.5	3,604.9
Affiliated companies	3,585.5	3,583.0
Participating interests	3,585.5	3,583.0
Other enterprises linked by particpating interests	22.0	22.0
Participating interests	21.7	21.7
Other participating interests	0.3	0.3
CURRENT ASSETS	1,208.1	1,188.4
Amounts receivable after more than one year	93.8	93.8
Other amounts receivable	93.8	93.8
Inventories and contracts in progress	3.5	7.3
Contracts in progress	3.5	7.3
Amounts receivable within one year	967.4	852.6
Trade debtors	135.3	160.9
Other amounts receivable	832.0	691.6
Investments	20.0	88.0
Other term deposits	20.0	88.0
Cash at bank and in hand	110.5	136.5
Deferred charges and accrued income	13.0	10.3
TOTAL ASSETS	**4,815.6**	**4,793.4**

EQUITY AND LIABILITIES (in million EUR)	2014	2013
CAPITAL AND RESERVES	1,686.2	1,661.8
Capital	1,514.9	1,510.7
Issued capital	1,514.9	1,510.7
Share premium account	9.9	8.8
Reserves	138.7	116.5
Legal reserve	138.7	116.5
Profit carried forward	22.6	25.8
PROVISIONS, DEFERRED TAXES	0.4	0.3
Provisions for risks and charges	0.4	0.3
Other risks and charges	0.4	0.3
LIABILITIES	3,129.1	3,131.3
Amounts payable after one year	2,650.6	2,303.3
Financial debts	2,650.6	2,303.3
Unsubordinated debentures	2,094.8	1,747.5
Credit institutions	60.0	60.0
Other loans	495.8	495.8
Amounts payable within one year	274.0	721.5
Current portion of amounts payable after more than one year	0.0	499.9
Trade debts	157.4	109.9
Suppliers	146.6	99.7
Advances received on contracts in progress	10.8	10.3
Amounts payable regarding taxes, remuneration and social security costs	8.2	8.0
Taxes	0.2	0.0
Remuneration and social security	8.0	8.0
Other amounts payable	108.4	103.7
Accrued charges and deferred income	204.5	106.4
TOTAL EQUITY AND LIABILITIES	**4,815.6**	**4,793.4**

11.2. Income statement

(in million EUR)	2014	2013
OPERATING INCOME	**792.5**	**797.3**
Turnover	786.8	789.5
Increase (+), decrease (-) in inventories of finished goods, works and contracts	(3.8)	1.7
Other operating income	9.4	6.1
OPERATING CHARGES	**(659.2)**	**(645.7)**
Services and other goods	(622.1)	(611.3)
Remuneration, social security costs and pensions	(37.1)	(37.2)
Provisions for liabilities and charges (write-ups +, utilizations and reversals -)	(0.1)	2.7
OPERATING INCOME	**133.2**	**151.5**
Financial income	**108.2**	**111.6**
Income from financial fixed assets	100.2	100.7
Income from current assets	8.0	10.9
Financial charges	**(118.8)**	**(130.3)**
Interest and other debt charges	(115.9)	(125.6)
Other financial charges	(2.8)	(4.7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**122.7**	**132.8**
Extraordinary income	**0.0**	**0.5**
Proceeds from sale of investments	0.0	0.5
Extraordinary charges	**0.0**	**(1.5)**
Other extraordinary charges	0.0	(1.5)
PROFIT FOR THE FINANCIAL PERIOD BEFORE TAXATION	**122.7**	**131.8**
Income taxes	**(10.0)**	**(12.0)**
Income taxes	(10.0)	(12.0)
PROFIT FOR THE FINANCIAL PERIOD	**112.6**	**119.8**