

ORES 

ORES scrl

FINANCIAL REPORT 2017

ORES scr1

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Name and form

ORES. Cooperative company with limited liability.

Registered office

Avenue Jean Monnet 2, 1348 Louvain-la-Neuve, Belgium.

Incorporation

Certificate of incorporation published in the appendix of the *Moniteur belge* [Belgian Official Journal] on 30 April 2008 under number 065395.

Memorandum and articles of association and their modifications

The memorandum and articles of association were modified for the last time on 22 June 2017 and published in the appendix of the *Moniteur belge* on 18 July 2017 under number 2017-07-18/0104152.

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I. INTRODUCTORY MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

2017 was an especially eventful year for ORES. Turbulent, even, from time to time. The issues of ethics and governance of public service companies are the heart of the debate. Faced with criticisms formulated without distinction over all those involved serving the community, ORES wanted to reiterate the relevance of its business model and its plan.

"A RECOGNISED BUSINESS MODEL"

With our local authority shareholders, we have chosen a so-called "pure player" model for ORES. It allows the company to concentrate all its efforts on its core businesses: distribution system operator for the electricity, natural gas and public lighting stock networks. Having been passed under the microscope the year before, this model was endorsed – and even sometimes held up as an example – by the regional authorities.

Initiated from 2013 with the merger of eight Walloon inter-municipal companies which then were to become ORES Assets, the company's governance reforms were finalised in 2017. These reforms have enabled ORES to rationalise its structures while retaining a strong link with the local authorities for which it works.

The Group's good management and financial soundness have also been acknowledged by the financial markets, and particularly by the European Investment Bank (EIB). We have benefited from significant financing agreements with the EIB for a total amount of €550 million which will enable us to

continue to modernise our networks in the years to come in a cost-effective manner.

All these expressions of confidence are currently encouraging us to continue along the track to which we have committed in order to prepare for the future.

"BUILDING TOMORROW'S ENERGY LANDSCAPE"

Because here is where ORES' challenge resides. Although our core missions are essential to guarantee the public's comfort on a day-to-day basis and to enable the market to work properly, the company is devoting an increasingly large share of the resources allocated to it to its transformation and to setting up tomorrow's energy landscape. You will be aware that the federal and regional Energy ministers have drawn up an inter-federal energy pact for 2030 and 2050, which has been approved by the Walloon Government. The latter therefore wishes to speed up the energy transition process for our Region. This is a crucial issue. This change will lead Belgium towards a low-carbon energy system hinged around renewable energy and energy efficiency in order to contribute to the essential fight against global warming.

ORES has always asserted its desire to be the facilitator of this process. This desire is manifested by practical actions day-to-day, the most telling being without doubt the connection of green, decentralised electrical production units to the

networks. However, it also determining a strategy essentially hinged around energy transition; several of our major business programmes and plans are in effect conducted to succeed in this challenge with the public authorities, other market stakeholders and, of course, the public.

"TRANSFORM THE NETWORKS..."

In order to enable and optimise the use of renewable energy, ORES must therefore transform its networks. The distribution infrastructures were not originally designed to incorporate energies, the production of which is decentralised and intermittent. The company has to make these infrastructures "smarter", equip them with new voltage regulation, remote monitoring, remote metering and remote control tools, supported by a high-performance and suitable IT and telecommunications base.

In parallel, ORES has to modernise its customers' metering tools in order to better measure energy flows – energy consumed and specifically the impact of new uses such as heat pumps and electric vehicles, but also the energy surplus produced by customers with solar panels and which is fed into the grid, for example. At the start of 2018, the Walloon Government approved a preliminary draft decree on first reading which fixes 2034 as the deadline for equipping 80% of Walloon households with an intelligent or "smart" electric meter. This is an ambitious project for system operators; for the customers, the arrival of the new meter is synonymous with an improvement in service quality – remote meter reading, tracking consumption, more accurate bills, improved fault detection – and new ways of consuming energy, including in the future the possibility of tariff offers "rewarding" virtuous behaviour – consuming when the wind blows and the sun shines – for the benefit of the community.

"AND TRANSFORM THE COMPANY"

In order to put these fundamental technological changes into practice, while maintaining its financial equilibrium, the company has had to scrutinise its organisation. In 2017 it carried out a reorganisation exercise, at the end of which it set up a "Transformation" department responsible for changing its organisation and coordinating the company's major strategic programmes. Seeing its impact on the management of the networks increase a little more every day, our IT department for its part was restructured in order to more effectively meet the needs caused by these same major projects and by the change in ORES' businesses.

Supported by a suitable training path, the setting up of a "new world of work" within the company should also promote the creativity, agility and efficiency of all ORES' active forces.

This transformation is also essential to guarantee an exemplary service quality to the customer, in terms of reliability and grid management costs, within an ever more complex and intermittent energy system. This has always been a human and technical challenge, and will be even more so in tomorrow's world.

"MAKING CUSTOMERS' LIVES EASIER"

The emergence of renewable energies therefore presents a technological challenge for the system operator which will transform the energy distributor business. From a societal perspective, the way in which energy is produced and consumed – and consequently distributed – has also changed the public's expectations: direct access to information, faster and more efficient exchanges, and digital communication, without however losing human contact. ORES wants to meet these expectations through an innovative, efficient and customised service. From the request to connect a residence to repairs in the event of a storm, the 2,300 members of staff are committed to making every effort on a daily basis to make our customers' lives easier – individuals, companies and, of course, communes. Last year, words were translated into actions, innovations and, when necessary, transformations which we invite you to discover in this document. While underscoring a shared vision: "Making energy easier makes life easier". Yesterday, today and tomorrow.

Cyprien Devillers
Chairman of the Board of Directors

Fernand Grifnée
Chief Executive Officer



II. ORES Assets management report, consolidated as at 31 december 2017

Dear Sir/Madam,

In accordance with the *Code des sociétés* (Company Code) and our articles of association, we have the honour of reporting on the activities of the ORES group during the 2017 financial year, and to submit the annual financial statements for ORES scrl for your approval, as well as the consolidated financial statements for the year ending 31 December 2017 for your information.

ACTIVITY REPORT AND NON-FINANCIAL INFORMATION

2.1. LOCAL PUBLIC SERVICE

Since its creation in 2009, ORES has developed a business model focused on its business as a distribution system operator (DSO). Through this role, the company carries out day-to-day tasks that are essential to ensure the public's comfort and enable the energy market to function efficiently.

2.1.1. MANAGING ENERGY NETWORKS: A TASK WHICH IS CHANGING

ORES is the premier Walloon power distribution and public communal lighting stock system operator. The public expects the company to supply high-quality electricity and natural gas on a continuous basis. Technical and administrative teams, competent and trained to successfully complete these tasks, are mobilised 24/7 with this in mind.

Detailed in this report, the investments made in 2017 in the networks are making it possible to maintain them, but also to enhance them and modify them so that they can adapt to the changes – both technological and societal – which have turned the energy world upside down over these last 10 years. A system operator at the start, ORES is transforming to become a distribution system operator, where data and communications combine with more traditional infrastructures.

In 2017, ORES invested €262 million (gross) in the distribution networks and entrusted more than €400 million turnover to some 1,400 subcontracting and supplier companies.

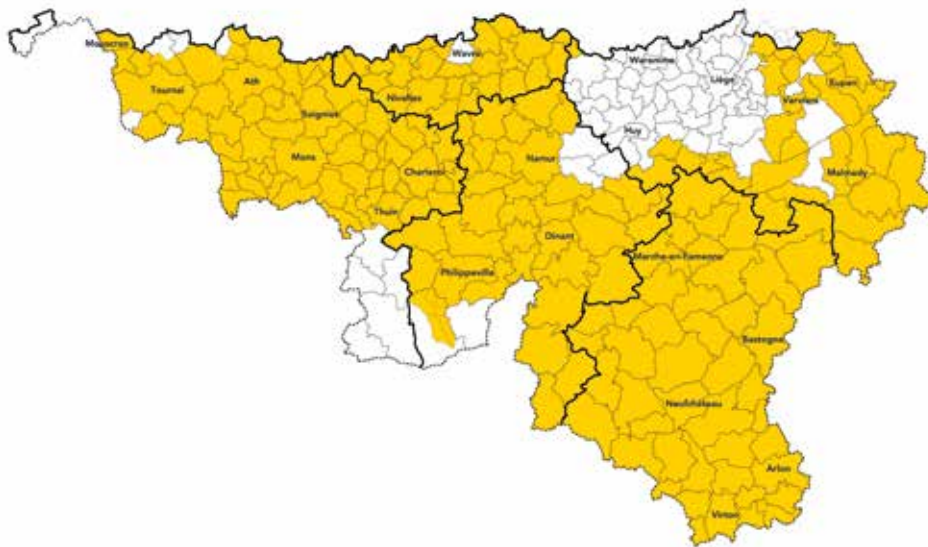
2.1.2. AT THE HEART OF THE ENERGY MARKET

Apart from operating and developing the networks, ORES carries out many fundamental tasks in order to ensure that the liberalised energy market functions properly. The system operator therefore carries out readings of more than 1.4 million meters, validates consumption data and manages this data in a strictly confidential manner. It keeps nearly 2 million pieces of data updated in the access register: for each point of connection to the distribution network, this register contains data of both a technical and administrative nature and the data of the corresponding energy supplier. ORES also provides energy to socially protected customers and fits

budget meters at the request of suppliers at their non-paying customers' premises.

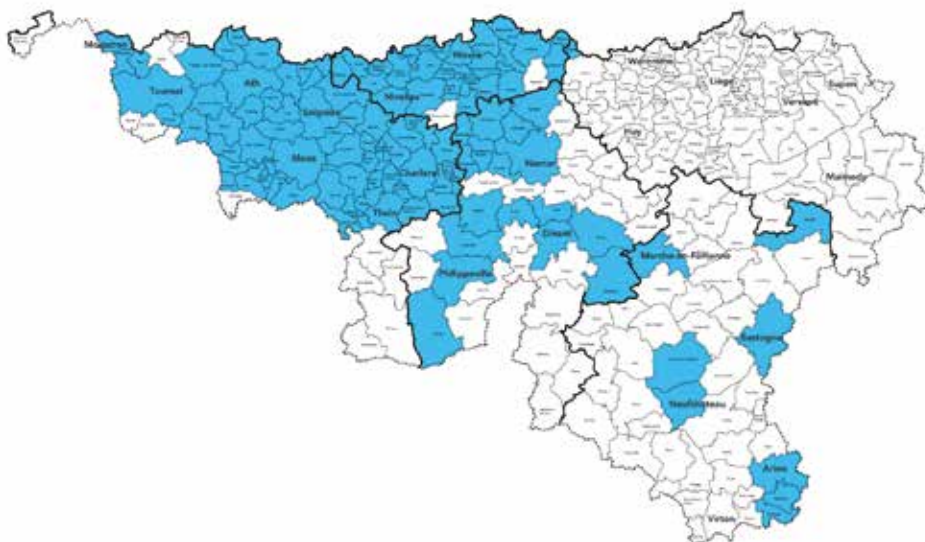
ORES is active in more than 75% of Walloon's territory. Our areas of business activity as DSO cover all the communes appearing on the coloured part on the two maps below. The first in yellow concerns electricity distribution, the second in blue concerns natural gas distribution. ORES' teams do not operate in the communes that are not coloured, apart from where there are specific agreements.

Management of electricity distribution networks



■ Areas of activity of ORES in the distribution of electricity (195)

Management of natural gas distribution networks



■ Areas of activity of ORES in the distribution of natural gas (109)



2.2. THREE CHALLENGES, ONE VISION

Faced with a rapidly changing energy world, ORES has chosen to adapt to ensure its continued existence and legitimacy with its customers and partners. Through its strategic plan drawn up for the period 2015-2020, the company has identified three priority challenges: to improve its customer focus, to support and facilitate energy transition and to change its corporate culture.

2.2.1. THE CUSTOMER AS THE CENTRE OF ATTENTION

In order to offer a fast and high-quality service while retaining affordable tariffs, ORES wants to create value for the customer from the resources at its disposal. Our watchword is clear: "Making energy easier makes life easier". In 2017, this leitmotif inspired the company's services as is witnessed by the innovations below.



The launch of the POWALCO online portal, in collaboration with other cable and pipeline operators, will enable better coordination in order to put an end to multiple roadworks. The objective is three-fold: customer comfort, worker safety and cost optimisation.



ORES offers a new application on its website. This enables web users to monitor the status of the situation in the event of an interruption to their electrical power supply (failure or planned interruption).



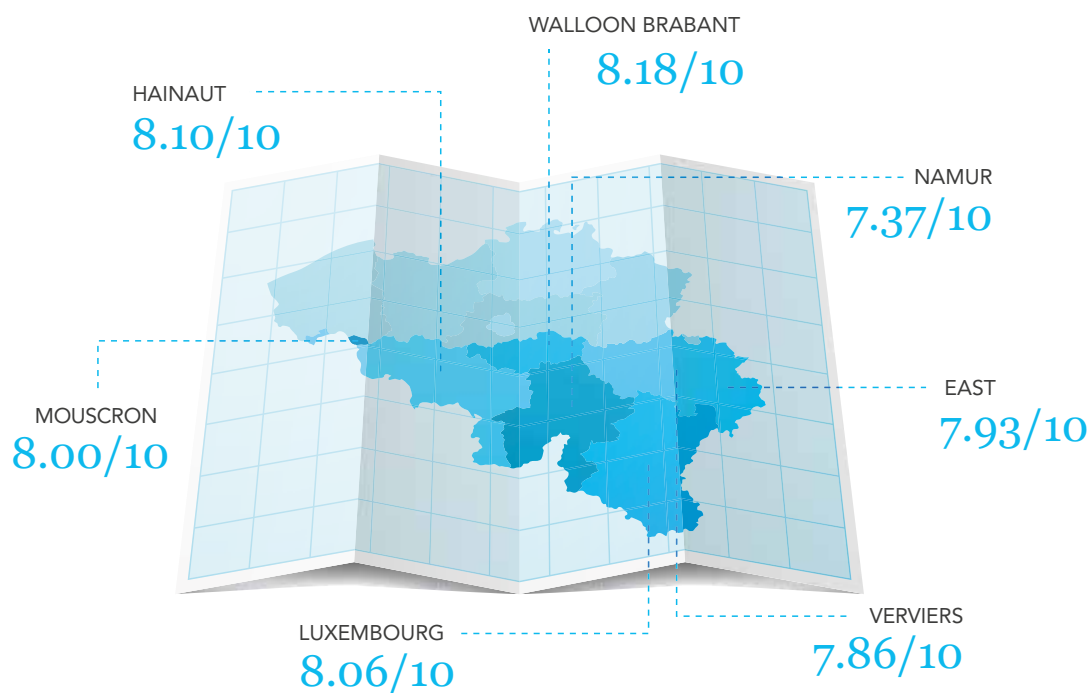
A new online "chat" on ORES' website gives customers the possibility of putting questions to the company's advisers directly. At the same time, 10 educational videos have been broadcast on social media in order to give a simple and fun presentation of the procedures to follow for carrying out preparatory works before connection to the network.



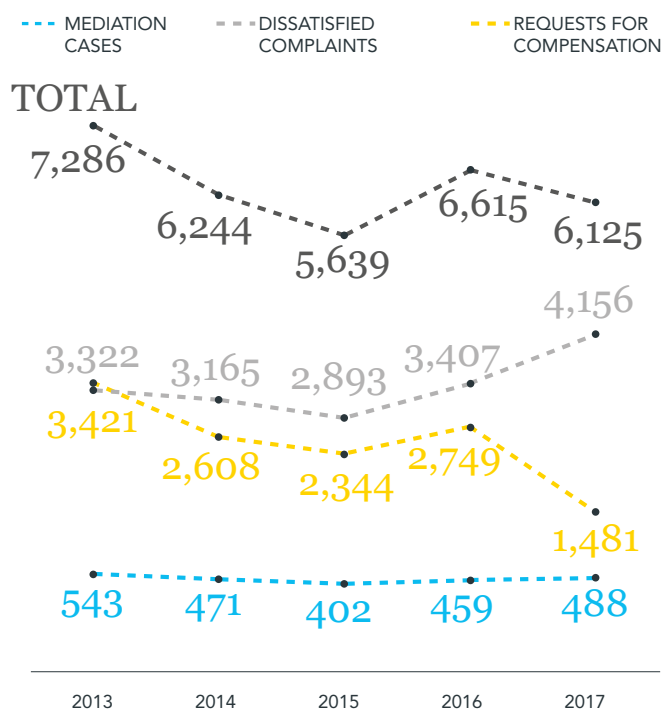
ORES and the *Société wallonne des Eaux* (SWDE - Walloon Water Company) sign a convention sealing their agreements around a "multi-fluid" connection initiative. This aims to make new build owners' lives easier by scheduling their connections to the electricity, natural gas, water and also telecoms networks to be carried out on the same day. Similar contacts have been made with the operators responsible.



RESULTS OF SATISFACTION SURVEY FOR 2017 BY SECTOR



EVOLUTION OF COMPLAINTS AND COMPENSATION REGISTERED



2.2.2. WALLONIA'S PARTNER IN ITS ENERGY TRANSITION PROCESS

In Wallonia just like everywhere else, the energy sector is being forced to take a good look at itself. The change in conventional production and consumption modes, combined with the climate commitments made by the European Union and its Regions, are pushing public authorities towards taking control of their energy future.

ORES wishes to put its expertise to work for the community in order to grow the place of green energies on the market. Firstly, very practically, by modernising its networks in order to enable a more integrated management which meets the expectations of individuals and companies, who intend not only to connect their decentralised production units (solar panel or wind turbine), but who also expect more flexibility on the networks. Then, looking to the future, by tackling three major strategic programmes aiming to transform management of the networks to enable the emergence of this new energy landscape.

These three programs are called respectively:

- **Atrias** : the future federal platform for energy market data exchange.
- **Smart Grid** : setting up tools to manage tomorrow's Smart networks.
- **Smart Metering & Smart Users** : the deployment of new generation smart meters and their adoption by the public.



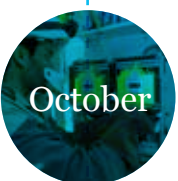
ORES presents the Charleroi Communal Council with the results of a smart metering project which it has conducted since 2015 in collaboration with the City's services and the *Société wallonne des Eaux* (SWDE - Walloon Water Company). The objective of this "multi-fluid" pilot is to enable communal services to use smart metering and the setting up of an IT platform to better manage energy and water consumption in their public buildings.

Launched in 2013 by Wallonia, at the start of the year the GREDOR project published its conclusions and its recommendations for the future. This working group has brought together universities and representatives from various companies responsible for electrical infrastructures – including ORES – to devise networks which, tomorrow, will be able to better "absorb" the energy produced by renewable sources.



ORES presents its "E-cloud" project at the annual meeting of the *Centre International de Recherche sur l'Environnement et le Développement* (CIRED - International Research Centre on the Environment and Development), organised in Scotland. Supported by Wallonia, this project aims to offer companies located in business parks the installation of shared renewable energy production units, but also and above all to devise means to store and exchange the surplus of this energy produced locally on the grid.

As part of the "Smart Grid" programme mentioned above, ORES' Board of Directors decides to award the public procurement contract relating to the installation of the new IT systems needed to manage future Smart networks to the company General Electric.



In order to encourage customers to discover and adopt the smart meters of tomorrow, ORES has initiated a study entitled "Smart Users" in collaboration with the Social Science Faculty of the University of Mons and with Wallonia's support. In mid-October, the company installed some 300 smart meters in the commune of Saint-Ghislain and has launched an online consumption monitoring platform for inhabitants who now have one of these new generation meters.



2.2.3. A NEW CORPORATE CULTURE

In order to meet customer and energy transition challenges, and adapt the company to the new realities of the market, ORES has embarked on a journey to transform its organisation. Without giving up what has been its strength and its reputation – its professionalism and its recognised expertise – the company has made the decision to review its collabo-

ration models. It is proposing management methods based on trust, and is setting up an agile working environment that is conducive to greater creativity as well as a better balance between private lives and working lives.



January

The objectives of the first year of the performance plan named "Optimum" have been met and the results disclosed internally. This plan is based on the following principle: to create value and improve the level of performance of the company through better cost control.



September

To gain a better understanding of its challenges of the future, enhance its effectiveness and its interactions, ORES has set up an internal "Transformation" department. In parallel, given the digitalisation challenges for its businesses and in order to have more collaboration with the teams in charge of strategic programmes, the company is reviewing the organisation of its IT department.



December

The training path linked to the new world of work followed by all of the company's members of staff is continuing. Some 1,600 members of staff in total have attended these sessions which aim to help them to adopt the change with confidence.

KEY FIGURES 2017



79 appointments



70 assignments
entrusted to temporary staff



2,172 employees
(full-time equivalents)



22.13 days
of teleworking per employee having the possibility of working at home



36.57 hours
of training on average per employee



5.67 %
of payroll devoted to training

2.3. VALUES

In order to take up its challenges for the future and successfully carry out its task to provide public utility services, ORES subscribes to five strong values which, every day, guide each of its activities both internally and externally with its customers, its public intermediaries, regulators or government bodies.



PROFESSIONALISM

ORES' expertise and its desire for excellence are the company's strengths. Staff attain ambitious and demanding objectives so that ORES is the benchmark in its field of activity.



SENSE OF RESPONSIBILITY

ORES' priority is to manage the networks reliably, sustainably and in complete safety. Staff take on their responsibilities and comply with the legislation, ethics, procedures and undertakings, while ensuring that costs are controlled.



SENSE OF SERVICE

ORES is here to serve the community. In practical terms, this comes down to listening and being available and proactive, with one aim: to make the customer's life easier.



BE BOLD

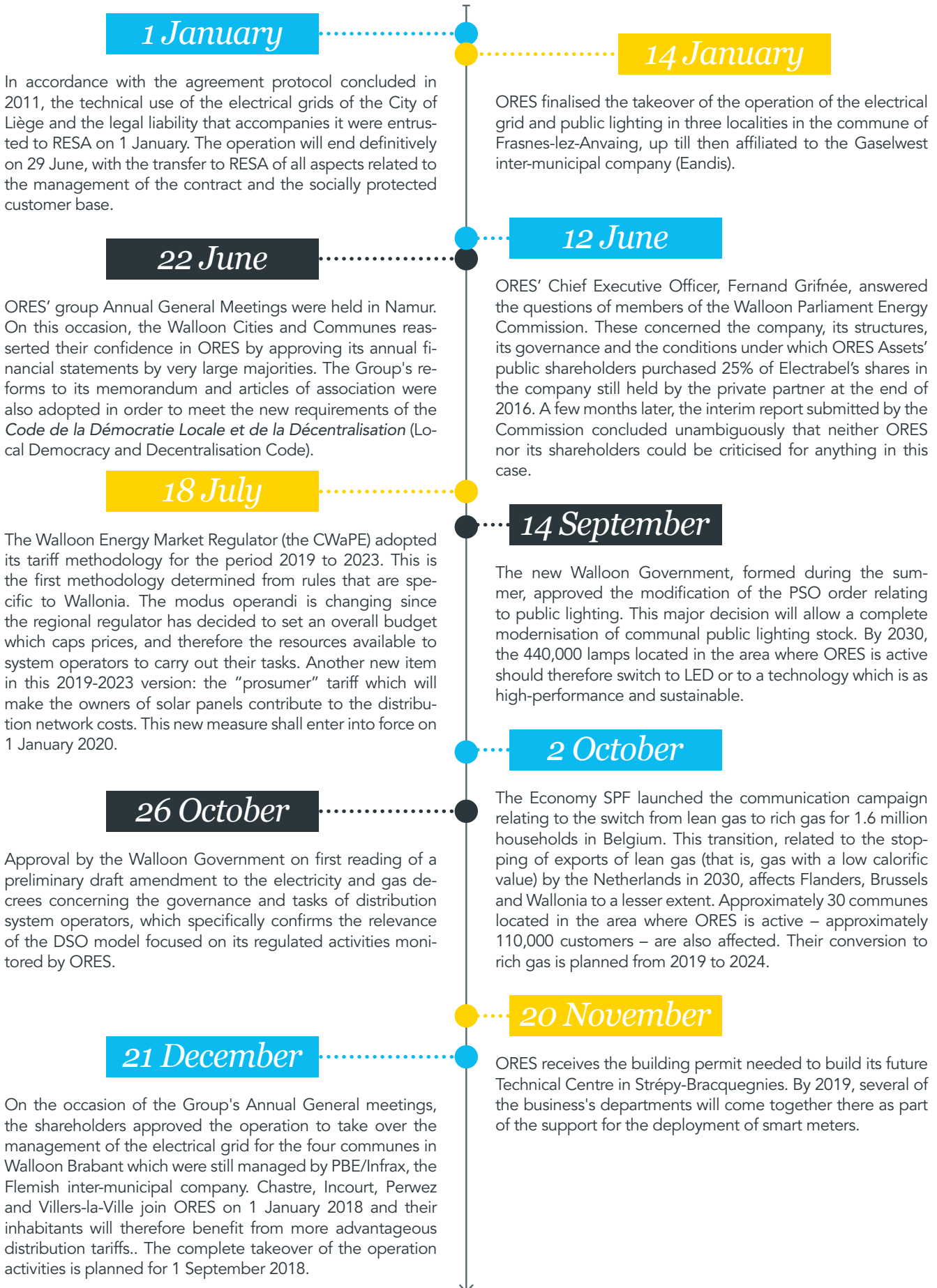
Everyone can, through their ideas and proposals, contribute to the development of the company to prepare it for the challenges of tomorrow. To dare to try new solutions is absolutely essential for ORES' future.



RESPECT AND FRIENDLINESS

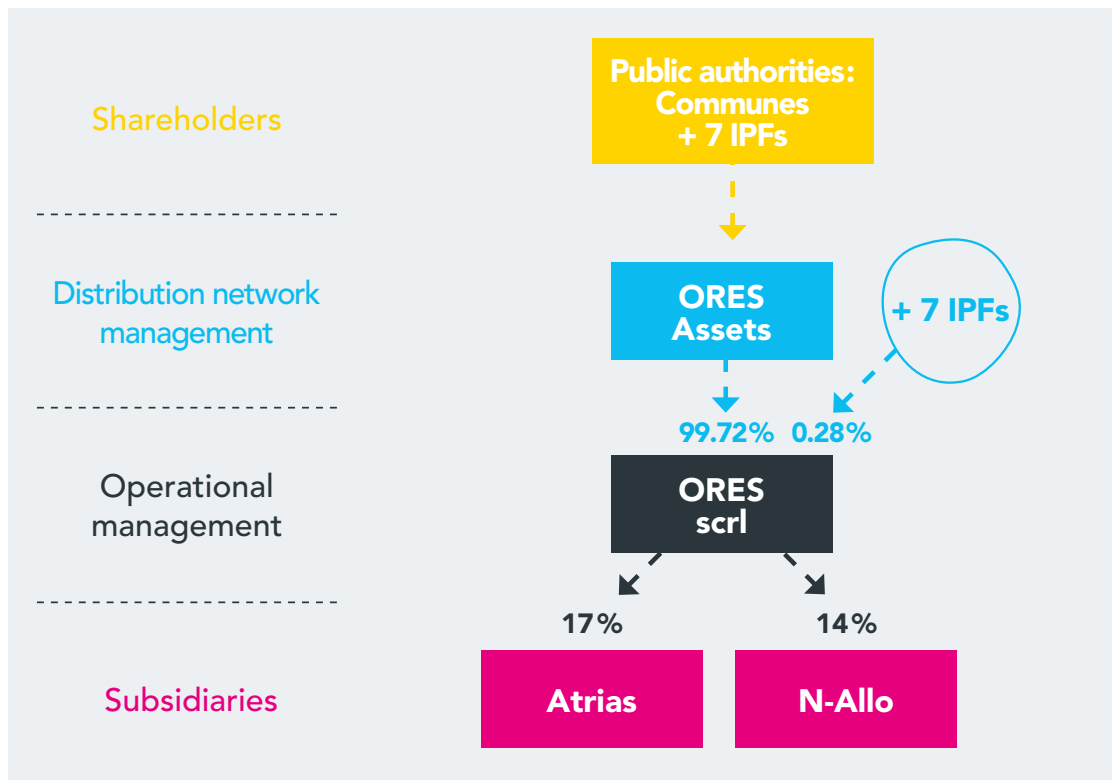
Collaborating constructively and respectfully within a motivating environment is essential for the proper functioning of the company. For ORES, it is important that its staff are committed together, with enthusiasm.

2.4. 2017 IN 10 DATES



2.5. THE ORES ECONOMIC GROUP

2.5.1. SHAREHOLDERS AS AT 31/12/2017

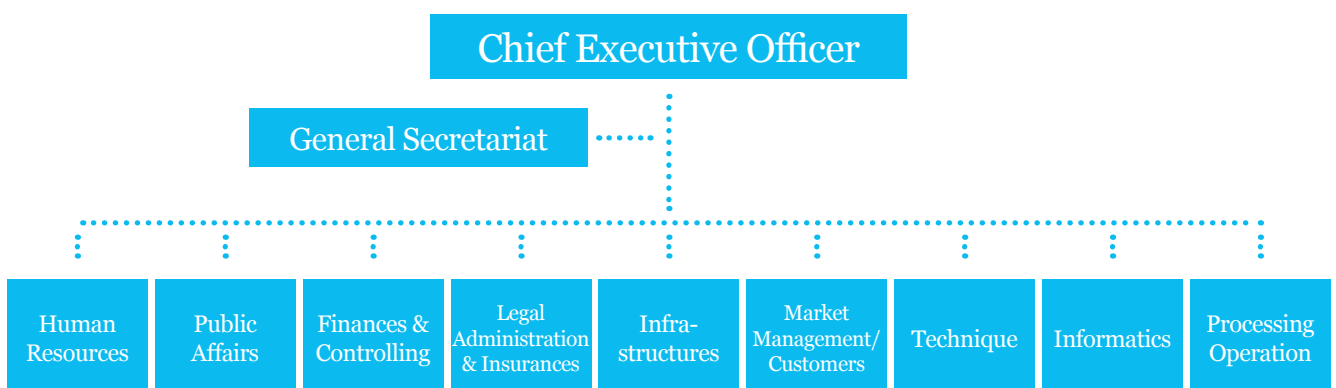


ORES Assets is an inter-municipal company governed by Belgian law that has taken the form of a *société coopérative à responsabilité limitée* [cooperative company with limited liability]. It was incorporated on 31 December 2013 following the merger of the eight former Walloon distribution service operators (IDEG scrl, IEH scrl, IGH scrl, INTEREST scrl, INTERLUX scrl, INTERMOSANE scrl, SEDILEC scrl and SIMOGEL scrl). Its shareholders comprise the 7 pure financing inter-municipal companies, as well as 197 Walloon communes.

ORES Assets is responsible for the management (operation, maintenance and development) of the electricity and natural gas distribution networks and the communal public lighting network, in accordance with the provisions of the Walloon Decrees of 12 April 2001 relating to the organisation of the regional electricity market and of 19 December 2002 relating to the organisation of the regional gas market and their implementing orders.

By virtue of the statutory provisions and the provisions of the electricity and gas Decrees, ORES Assets has entrusted the day-to-day and functional operation to its subsidiary, ORES scrl. The latter company was incorporated on 6 February 2009 after a process during which Electrabel s.a. and the communes, brought together within Intermixt, set up an independent, effective and professional structure bringing together the employees of Electrabel Réseaux Wallonie, Index'is (one part) and Igretec (responsible for public lighting).

ORES Assets entrusted the day-to-day and functional operation to its subsidiary, ORES scrl, the organisational diagram of which as at 31/12/2017 is given here, by department.



Each of these departments is managed by a director. Together, along with the Chief Executive Officer, they form the Executive Board of ORES scrl. It is this Board which is entrusted with the operational conduct of the company, including its day-to-day management and representation with regard to third parties.

Furthermore, ORES scrl has holdings in the companies Atrias (17%) and N-Allo (14%).

SUBSIDIARIES

ATRIAS : As a platform for the independent and objective dialogue of data exchanges between system operators, suppliers and regional regulators, ATRIAS' aim is to prepare the Belgian energy market for new developments in the sector (growth of local and renewable production, smart metering, etc.) and to meet the challenges of tomorrow.

N-ALLO : Company offering complete solutions for the management of interactions with customers, either through the development of interactive and multi-channel applications, or as part of the outsourcing of customer contact management activities (call centre, Internet, etc.).

ORES' and ORES Assets' statutory accounts have been drawn up according to Belgian financial reporting standards (BGAAP). As ORES Assets holds more than 99% of ORES' share capital, it draws up consolidated financial statements in accordance with Belgian standards (BGAAP). The holding in the company Atrias is consolidated with ORES' financial statements in the consolidated financial statements of ORES Assets. Furthermore, these consolidated financial statements are also drawn up in accordance with IFRS standards on a voluntary basis.

2.5.2. MULTI-ANNUAL FINANCIAL PLAN

The inter-municipal company is obliged, as part of the annual revision of its strategic plan, to break down the budgets and investment prospects over the next three years.

In the case of ORES Assets, a distribution service operator, this financial plan is also a basic requirement of the Walloon Decrees of 12 April 2001 relating to the organisation of the regional electricity market, and of 19 December 2002 relating to the organisation of the regional gas market, which require the drawing up and approval by the regulator of network adaptation and extension plans.

Also, the strategic plan approved by the General Meeting of 21 December 2017 and transmitted to the Supervisory body summarises, in its investment programmes, the items of the multi-annual financial plan approved by the CWaPE. This plan is available at <http://www.oresassets.be>.

2.5.3. DEVELOPMENT LINES

The development lines are also broken down in this same strategic plan the data is also summarised in the adaptation and extension plans transmitted to the CWaPE in March 2017 and April 2017 for gas and electricity respectively.

2.5.4. ORES, FIRST BELGIAN SYSTEM OPERATOR TO BENEFIT FROM A LOAN FROM THE EIB



Within the context of energy transition which Wallonia – and more globally Europe – is experiencing, ORES has applied to the European Investment Bank (EIB) to finance a part of its 2018-2022 investment programme. For the next five years, no less than €1.15 billion will be needed with a view to the maintenance, modernisation and development of the electricity and natural gas distribution infrastructures.

Having analysed ORES' financial situation and plan long and hard, as well as the quality of its management, the EIB has granted the company alone of €550 million which can be mobilised over a period of five years. This advantageous loan – thanks to the 'AAA' rating of the European institution – will enable ORES to continue to maintain and modernise the distribution infrastructures, while improving their reliability and operational conditions.

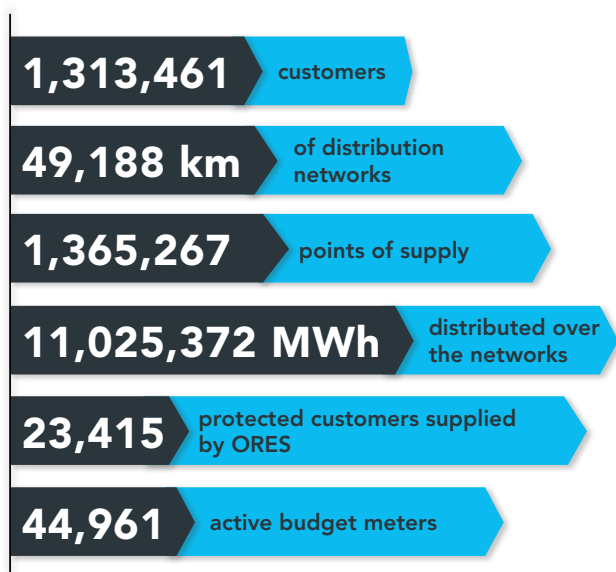
The funding thus comes under a wider context of sustainable development. One quarter of the amount granted will be used to carry out activities which will have a beneficial effect on the environment: connection of decentralised renewable production units, investment in systems which enable losses on the network to be reduced, construction of low-energy buildings such as the future registered office of the company in Gosselies, etc.



2.6. MANAGEMENT OF ELECTRICAL NETWORKS AND INVESTMENTS

Throughout the year, ORES ensures that a high-quality, sure and reliable supply is provided to its customers, whether these are private individuals, small- and medium-sized companies or commune partners. In total, ORES' services provide electricity distribution to more than 1.3 million households and businesses, which represents no less than 2.5 million citizens.

KEY FIGURES 2017



2.6.1. INTERVENTIONS ON THE NETWORKS

Whatever the weather, 365 days per year and 24 hours a day, the company's operations and breakdown teams are ready to step in if there is a supply problem, to serve the community. When there is a breakdown on the electrical networks, the technical services always act as fast as possible, while ensuring compliance with security standards.

Last year, ORES' teams carried out 1,145 service calls on the medium-voltage electricity network last year, as against 1,194 during the previous financial year. ORES' teams are also responsible for taking care of faults affecting the low-voltage electricity network, 24 hours a day. These faults may be caused by technical problems on the network (7,339 service calls in 2017), severe bad weather (405 service calls) or external phenomena, such as fires or acts of vandalism (863 service calls).

	2016	2017
	in hours	in hours
MEDIUM VOLTAGE		
Average period of unavailability during a previously scheduled interruption on the network (for example, during infrastructure renovation works)	00:31:32	00:33:06
Average period of unavailability during an unscheduled interruption on the network	01:13:00	00:55:00
Average period before the situation is restored (end of the technical intervention) during a previously scheduled interruption on the network	02:53:01	02:51:53
Average period before the situation is restored during an unscheduled interruption on the network	00:57:02	00:45:27
LOW VOLTAGE		
Average period before the arrival of the technical teams during an interruption on the network	00:55:21	00:53:28
Average period before the intervention of the technical teams during an interruption on the network	01:10:36	01:10:08
Average period of unavailability during an interruption on the network	02:04:50	02:03:35

2.6.2. INVESTMENTS

More than €178 million were invested in 2017 in the electricity networks managed by ORES. This budget enables the works to be carried out which are necessary for the smooth operation of these networks: construction of new connections, kiosk substations and sub-stations; burying of overhead lines; replacement and modernisation works; repairs; etc. ORES ensures that the closed budget allocations granted to it by the regulator are used responsibly and efficiently.

Thanks to its investments made last year, ORES has been able to make some extensions to the networks over its area of activities. These extensions have led to the installation of 373 km of new networks and the construction or renovation of 225 kiosk substations. In order to meet new local needs in terms of living accommodation – residential housing developments in particular – or businesses, more than 13,700 new meters have, in addition, been fitted in individuals' homes or at business premises.

Beyond this development work, ORES has devoted the majority of its investment in the electricity networks to the renovation and replacement of equipment (cables, lines, kiosk substations, connections, meters etc.), with a view to maintaining, or even enhancing, the level of performance of existing infrastructures. Therefore, on the low-voltage network, 124 km of overhead lines and 117 km of underground cables have been renewed. The medium-voltage network has also been the subject of works with the reinforcement of 198 km of underground lines. These renovations have been motivated by seeking to optimise operations and operational costs, by the desire to improve safety conditions and through the respect of environmental regulations.

Investment shall also take into account the work carried out as part of the public service obligations entrusted to the company. More than 8,650 budget meters were therefore fitted last year by ORES at the request of suppliers – as against slightly less than 6,000 the year before – at the homes of customers in default of payment.

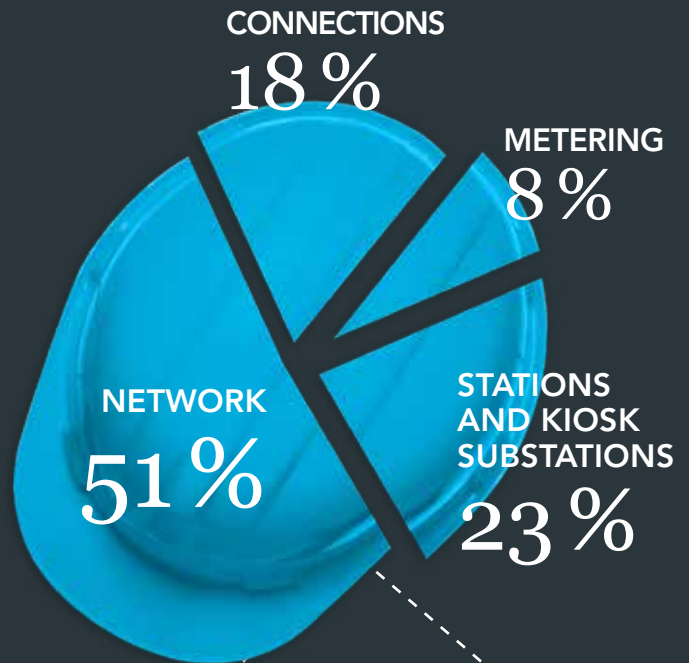


DETAILS OF INVESTMENTS BY SECTOR

ORES WALLOON BRABANT

Investments in the ORES Walloon Brabant electricity network rose to more than €22.21 million in 2017 (as against €21.92 million the year before). The expenditure specifically allowed the following:

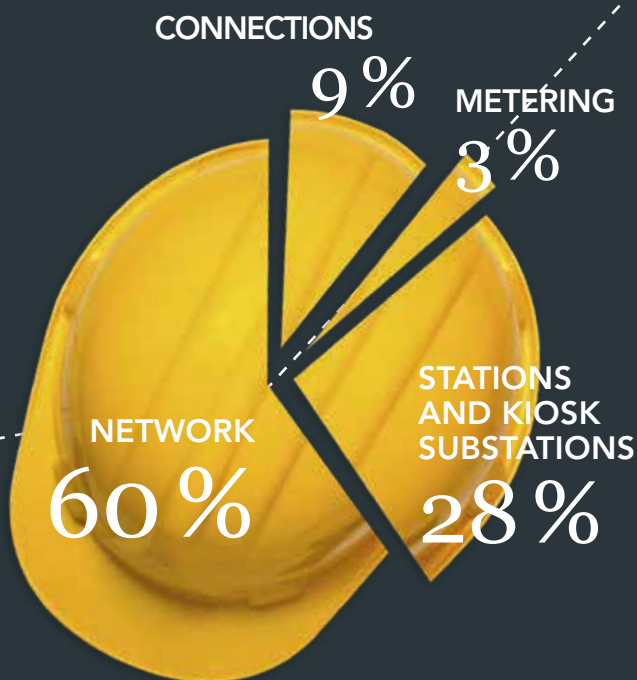
- The extension by 25 km of the low voltage electricity network and the laying of 24.6 km of electrical lines on the same network to replace obsolete facilities or to reinforce infrastructures given changes in loads
- The laying of 43.6 km of underground medium voltage electrical cables, of which 29 furthermore enabled the existing network to be enlarged
- 1,169 new connections onto the low-voltage network
- The installation of 611 budget meters at the premises of customers in default of payment
- The construction or renovation of 19 distribution kiosks by contractors and the inspection of close on 1,300 kiosk substations.



ORES EAST

The amount of works in the Eastern sector for 2017 amounts to €11.90 million (as against €12.31 million in 2016). These works have in particular enabled the following operations:

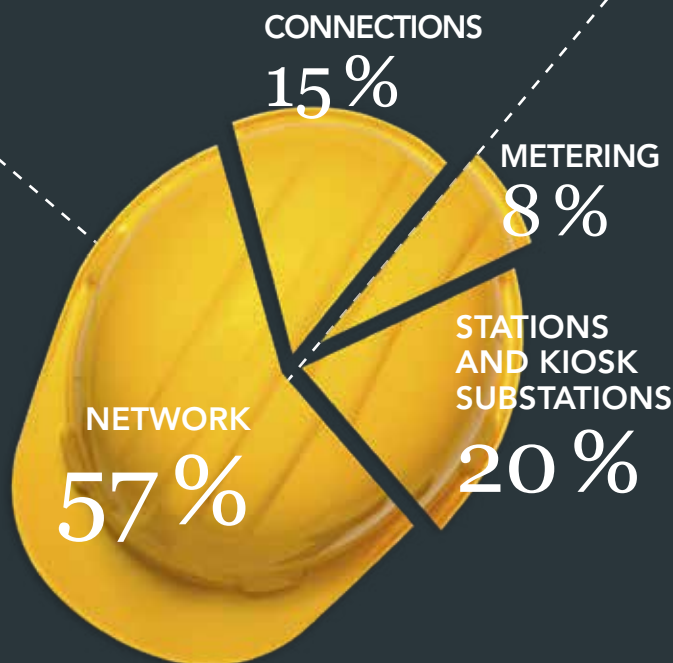
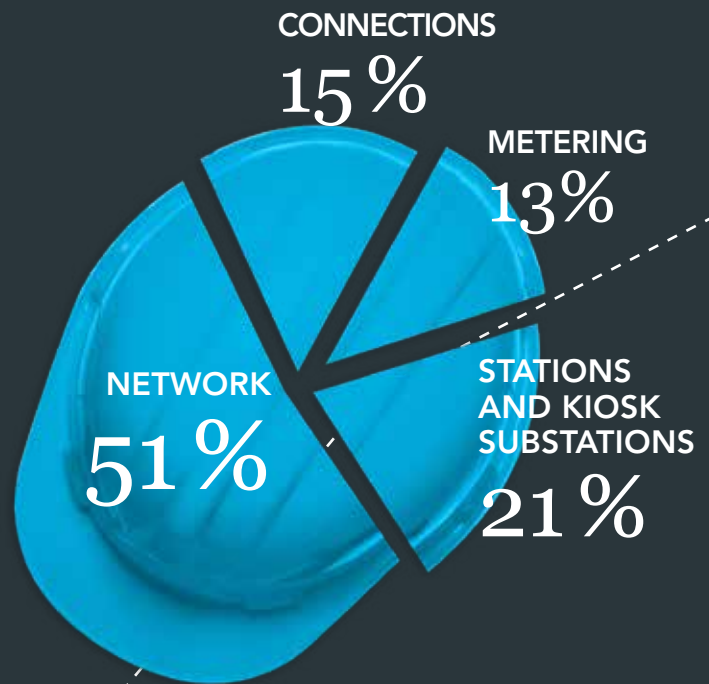
- The laying of 38 km of electrical lines – including almost 19 km of network extensions – on the low voltage electrical network
- The installation of 43.7 km of underground cables on the medium voltage electricity network, of which 11.3 were at customer request and 32.4 km were part of line renewal
- 528 connections as well as the installation of 1,903 m on the low voltage network
- As part of the regional provisions in terms of public service obligations, the fitting of 142 budget meters at the premises of customers in default of payment.
- The construction or renovation of 43 kiosk substations (as against 23 in 2016) and the inspection of 795 kiosk substations (316 in 2016).



ORES HAINAUT

During the 2017 financial year, the total amount of works at ORES Hainaut amounted to €58.19 million (€59.29 million the year before). The expenditure was specifically allocated to:

- In low voltage; the laying of 102.5 km of cables, more than half of which were for network extensions.
- In medium voltage; the carrying underground of almost 104 km of cables, including 40 km in order to develop the existing infrastructure network
- 2,435 new connections of customers onto the low-voltage network
- The installation of 4,670 new meters on the low voltage network and 97 meters – of which 95 are "remote read" – on the medium voltage network
- The replacement of 12,216 meters on the low voltage network and 718 meters on the medium voltage network
- The installation of 4,943 budget meters at customers' premises based on a request issued by their supplier
- The construction or renovation of 46 electrical kiosk substations and the inspection of 4,313 existing kiosk substations.



ORES LUXEMBOURG

In the province of Luxembourg, €27.13 million were devoted to works in 2017 as against €26.04 million in 2016. The investments granted last year have enabled the following:

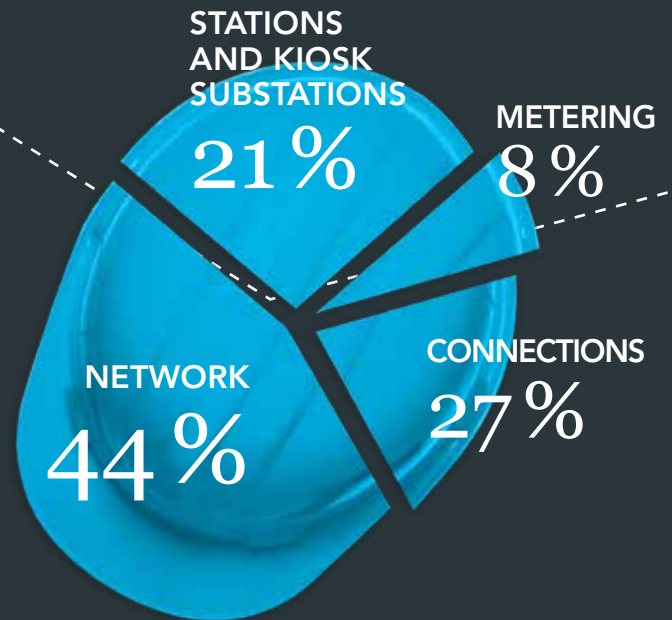
- The laying of almost 90 km of low voltage cable, of which almost 40 was to extend the existing network
- The dismantling and replacement of close on 15 km of bare copper wire on the low voltage network
- The laying of 60.4 km underground medium voltage cables
- The maintenance of ageing infrastructure, including 42.3 km of overhead lines, the service life of which exceeded 25 years
- The connection of 1,229 new customers to the low voltage electricity network
- The fitting of 847 budget meters at customers' premises
- The construction or renovation of 38 kiosk substations and the inspection of 3,321 kiosk substations.

DETAILS OF INVESTMENTS BY SECTOR (CONTINUATION)

ORES MOUSCRON

Investments in the ORES Mouscron electricity network amounted to more than €6.88 million in 2017 (as against €4.87 million the year before). The expenditure has, amongst others, enabled the following:

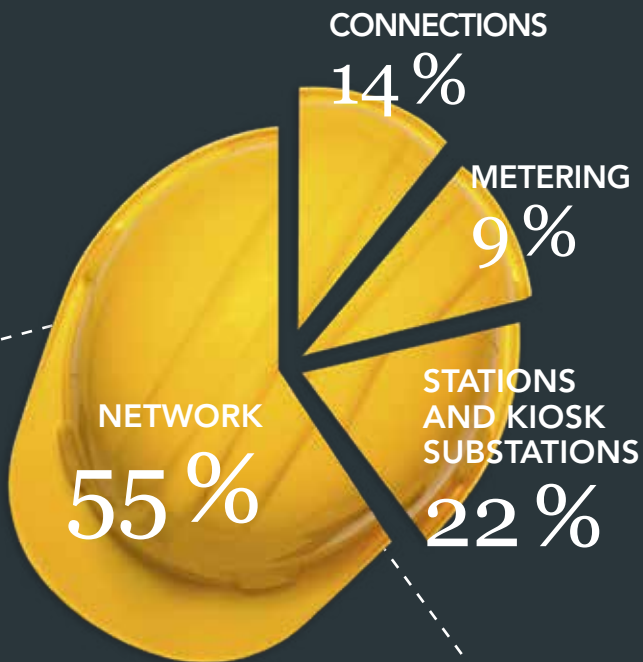
- The laying of 9.7 km of cables on the low voltage electricity network and 12 km on the medium voltage network
- The fitting of 965 new meters at customers' premises connected to the low voltage network and 114 meters, principally "remote-read", at the premises of customers connected directly to the medium voltage network
- The installation of 236 budget meters at customers' premises based on a request sent to ORES by their supplier
- The construction or renovation of 6 kiosk substations and the inspection of 628 kiosk substations.



ORES NAMUR

In the ORES Namur sector, the amount of investments made last year amounted to €37.70 million (€39.02 million in 2016). This expenditure has specifically enabled the following work to be carried out:

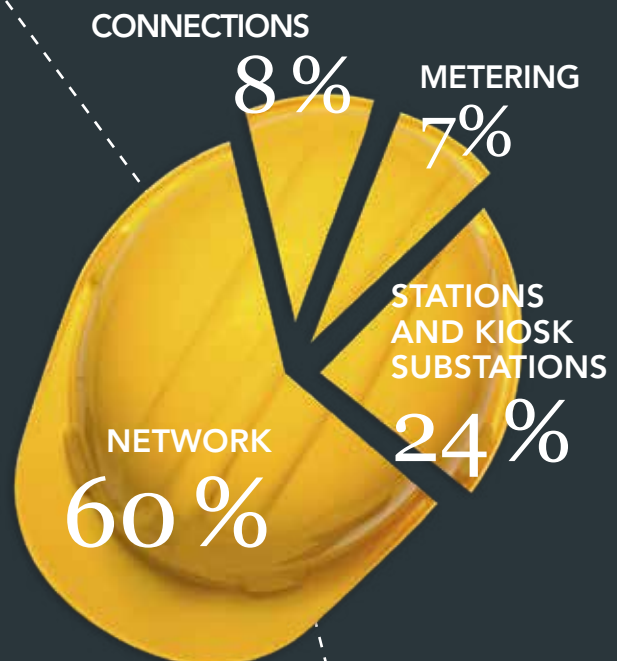
- The laying, on the low voltage electricity network, of almost 97 km of cables – of which 50.5 as part of network extensions
- The laying of 95.1 km of medium voltage electrical lines; almost 70 km were also enabled here to develop the existing network
- The maintenance of 12.3 km of overhead lines in place for more than 25 years
- 2,480 connection works on the low-voltage network, of which more than 1,600s were new connections
- The installation of 1,392 new budget meters at the premises of customers who are in default of payment
- The construction or renovation of 41 kiosk substations and the inspection of 3,211 kiosk substations.



ORES VERVIERS

Finally, in the Verviers sector, the total amount of work carried out in 2017 was nearly €14.10 million (€13.91 million in 2016), The investments, which do not include here the €32 million of works carried out on behalf of the operator RESA, were specifically used for:

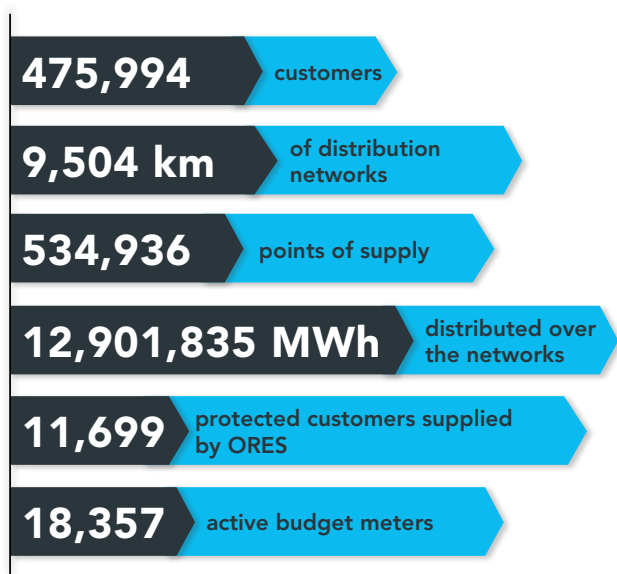
- The laying of 62.3 km of electrical lines on the low-voltage network – 43.6 km in order to renew existing infrastructures – and installation of 21.3 km of underground cables on the medium-voltage network
- The demolition of 7.7 km of bare copper electrical lines
- 395 new customer connections on the low-voltage network and the fitting of 24 meters at the premises of customers recently connected to the medium-voltage network
- The equipping of 484 customers with a budget meter
- The construction or renovation of 32 kiosk substations and the inspection of 1,086 others.



2.7. MANAGEMENT OF NATURAL GAS NETWORKS AND INVESTMENTS

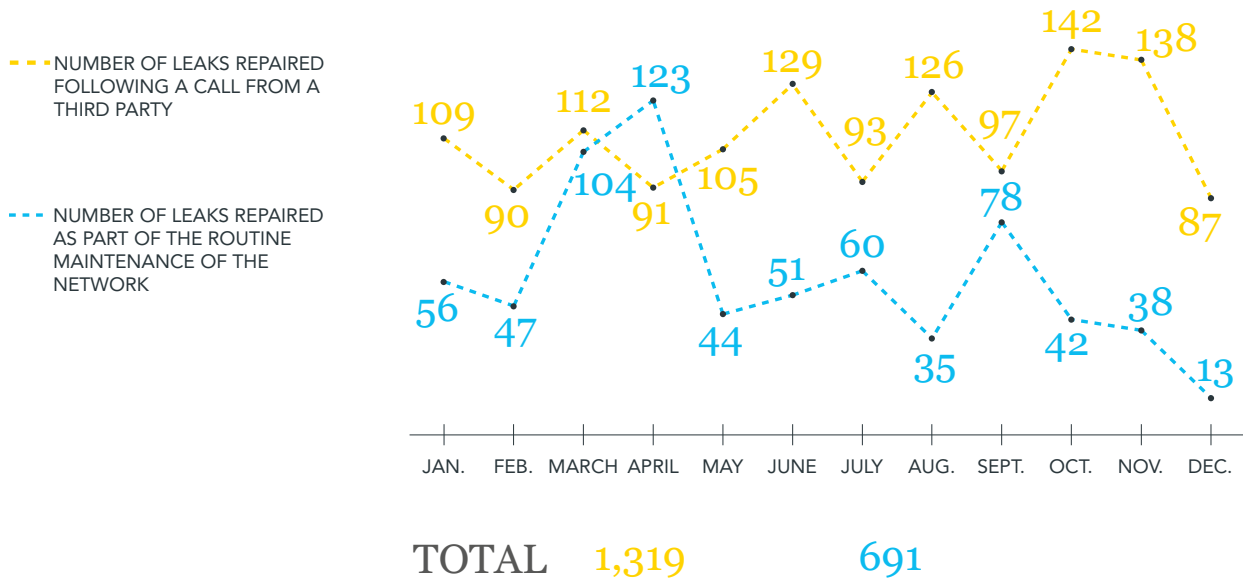
ORES provides the distribution of natural gas to more than 475,000 customers – residential, professional, trade or businesses. All of the networks managed represent some 9,504 km of pipes; 3,744 km of medium-pressure and 5,760 km low-pressure. In 2017, almost 13 billion kWh of natural gas were distributed through these networks.

KEY FIGURES 2017



2.7.1. INTERVENTIONS ON THE NETWORKS

Last year, ORES' first response teams went out 691 times to repair gas leaks detected as part of the routine monitoring of the network – almost 1,800 km of medium- and low-pressure distribution pipelines were inspected as part of this – and almost 1,300 times following calls from third parties. ORES' technical services also had to intervene 463 times following damage caused on the distribution infrastructures by other operators carrying out works close by.



TOTAL NUMBER OF INCIDENTS OF DAMAGE ATTRIBUTABLE TO THIRD PARTIES

TOTAL NUMBER OF INCIDENTS OF DAMAGE ATTRIBUTABLE TO THIRD PARTIES HAVING CAUSED A LEAK

Medium-pressure pipelines	30	25
Low-pressure pipelines	74	41
Connections	359	223
TOTAL	463	289

2.7.2. INVESTMENTS

Investment expenditure in the natural gas distribution networks was greater than €84 million (gross) in 2017. This translates for the medium- and low-pressure networks as follows:

MEDIUM-PRESSURE	GROSS EXPENDITURE IN MILLION €
Reception station and substation	0.17
Pipes	16.35
Connection	9.40
Metering	0.24
TOTAL	26.16

LOW-PRESSURE	GROSS EXPENDITURE IN MILLION €
Kiosk substation	1.96
Pipes	19.86
Connections	28.37
Metering	7.79
TOTAL	57.98

During the past financial year, extension works of various magnitudes have been carried out in the area covered by ORES (see details of investments below). Therefore 6,722 new low- and medium-pressure connections were made during the year. From these new connections, ORES fitted 9,891 new meters at the premises of customers who had chosen natural gas for energy.

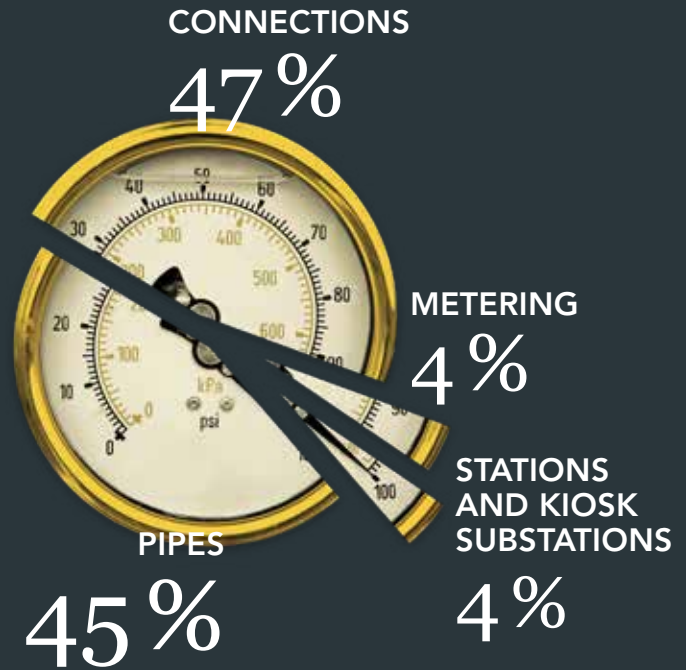
Furthermore, the company's technical services had carried out new pipeline clean-up works the year before. Replacement of the cast-iron, PVC or fibro cement low-pressure networks specifically continued and more than 27 km were removed to make way for polyethylene pipes, which have better sealing and resistance characteristics, particularly with regard to soil movements.

DETAILS OF INVESTMENTS BY SECTOR

ORES WALLOON BRABANT

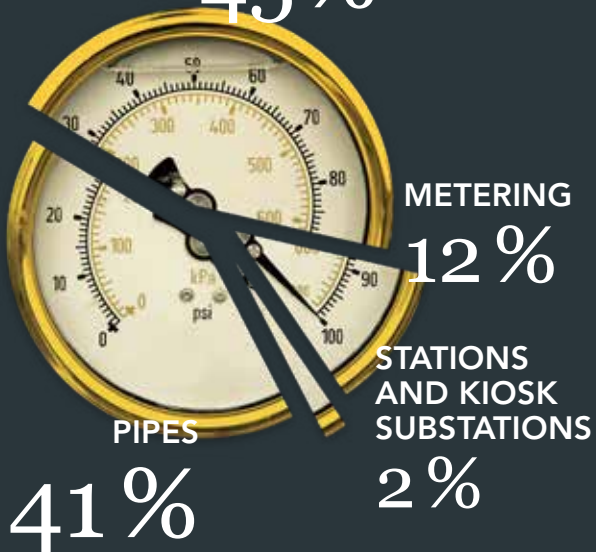
The amount of investments made during the 2017 financial year in Walloon Brabant amounted to €18.36 million (€18.50 million in 2016). Expenditure breaks down as follows:

- 18.8 km of pipe extensions: 9.8 medium pressure and 8.9 low pressure.
- 16.5 km of pipe renewals: 5.8 medium pressure and 10.7 low pressure.
- 1,314 new connections and 1,932 new meters
- 574 renewed connections and 967 meters replaced
- 394 budget meters installed at the homes of customers in default of payment



CONNECTIONS

45%



ORES HAINAUT

The total amount of works in 2017 amounted to more than 50.79 million euros (€51.5 million the previous year), broken down as follows:

- 36.5 km of new pipes enabling the development of the medium- and low-pressure networks
- 38.1 km of pipes laid to renew existing infrastructures, including 30.9 km low-pressure
- 3,987 new connections and 5,692 new meters
- 4,470 renewed connections and 6,127 meters replaced
- 4,296 budget meters installed at customers' premises at the request of their supplier.



CONNECTIONS

57%



PIPES

27%

METERING

13%

STATIONS
AND KIOSK
SUBSTATIONS

3%

ORES LUXEMBOURG

The investment works on the natural gas distribution networks carried out in the ORES Luxembourg sector in 2017 amounted to €2.16 million (€2.94 million in 2016) and break down as follows:

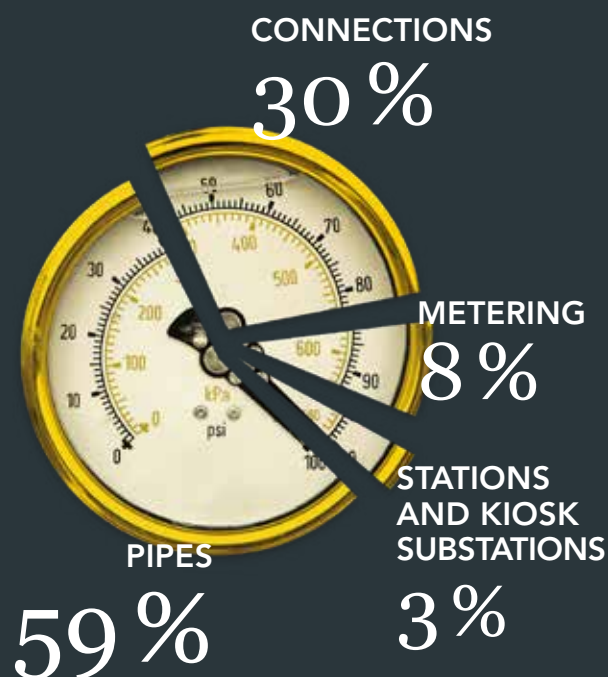
- 2.9 km of network extensions: 1,850 metres medium pressure and 1,100 metres low pressure.
- 200 metres of renewed pipes
- 294 new connections and 600 new meters
- 9 renewed connections and 76 meters replaced
- 70 budget meters installed at individuals' homes.

DETAILS OF INVESTMENTS BY SECTOR (CONTINUATION)

ORES MOUSCRON

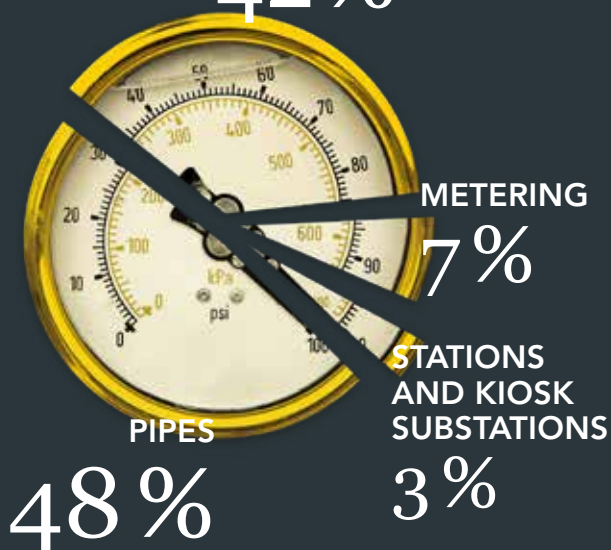
In Mouscron, Pecq and Estaimpuis, the total amount of gas investments made in 2017 amounted to more than €3.03 million last year (as against €3.09 million the previous year). These investments break down as follows:

- 1.8 km of new pipes laid, of which 1,400 metres were low pressure
- 4.9 km of medium- and low-pressure pipes renewed
- 348 new connections and 469 new meters
- 253 renewed connections and 239 meters replaced
- 230 budget meters installed at the homes of customers in default of payment with their supplier.



CONNECTIONS

42%



ORES NAMUR

The total amount of works carried out on the gas network in 2017 for the ORES Namur sector amounted to €10.2 million (€10.48 million in 2016). The expenditure breaks down as follows:

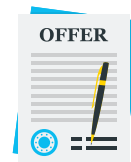
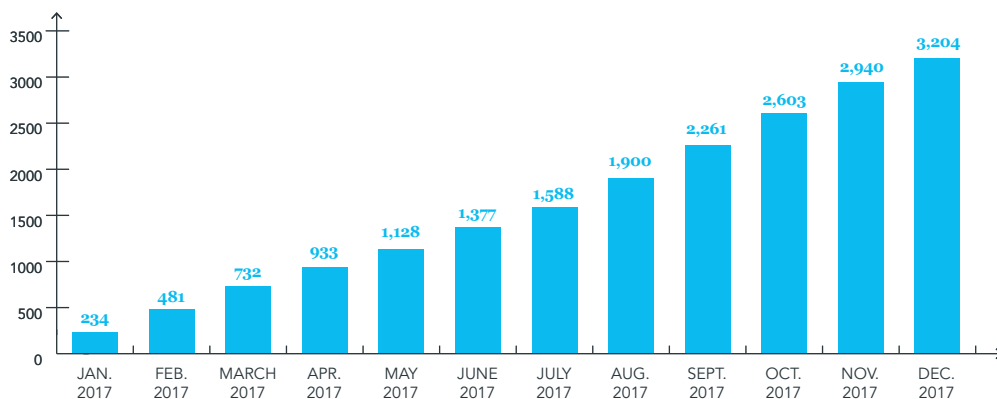
- 13.4 km of new pipes laid, of which 10.5 were low pressure
- 3 km of pipes renewed, exclusively low-pressure, with on this occasion more than 1,300 m of cast-iron pipes and more than 2,600 m of fibro-cement pipes replaced by new polyethylene infrastructures
- 779 new connections and 1,198 new meters
- 432 renewed connections and 503 meters replaced
- 369 budget meters fitted at the homes of customers in default of payment.

2.7.3. THE PROMOTION OF NATURAL GAS TO CONTROL COSTS

It should be noted that ORES, in agreement with the Walloon market regulator, kept up its natural gas promotion campaign in 2017 – and in 2018. As a reminder, this aims to encourage new users living along the existing network to connect to it, in order to optimise the volumes passing through the infrastructures and, ultimately, to lower costs for all citizens.

As part of this, ORES set itself an ambitious target of 3,000 new connections to its natural gas network. A target reached, and even exceeded, thanks to a collective commitment within the company.

GAS PROMOTION CAMPAIGN - NUMBER OF OFFERS SIGNED



3,011

OFFERS SIGNED IN 2016
(Objective 2016= 3,000)

3,204

OFFERS SIGNED IN 2017
(Objective 2017 = 3,000)



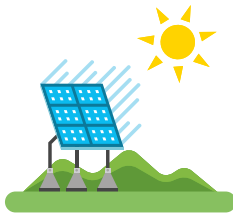
2.8. SUPPORT FOR GREEN ENERGIES

The European Union has, on numerous occasions, asserted its wish to increase the share of renewable energies in the total consumption of citizens by 2020, 2030 and beyond. As part of a more global fight against global warming, ambitious energy objectives have been set and broken down at Member State and Regional level.

With this in mind, but also taking account of the development of technologies and the digitisation and Uberisation which turned the way that the public understand the market on its head, ORES has insisted on preparing its networks for unprecedented changes. Solar panels, heat pumps, wind turbines, micro networks, vehicles running on electricity or natural gas (...) are now as many alternatives to conventional production and consumption methods which ORES must take into account and incorporate efficiently and harmoniously.

In a little less than ten years, ORES has connected more than 100,000 decentralised production units to its infrastructures. This of course concerns solar panels, but also wind turbine, hydraulic or biomass facilities. As the networks were not originally designed to absorb energy production sources which are both decentralised and intermittent – since they depend on meteorological conditions – their management has had to change considerably.

AT THE END OF 2017, ORES' AREA OF ACTIVITY AMOUNTED TO:



100,635

solar panel installations

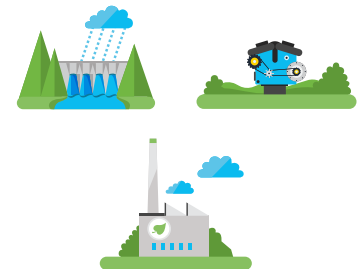
(1,069 of which have a production capacity greater than 10 kVA)



104

wind turbines

(77 of which have a production capacity greater than 10 kVA)



373

other decentralised installations

(hydraulic systems, co-generation, biomass etc.)

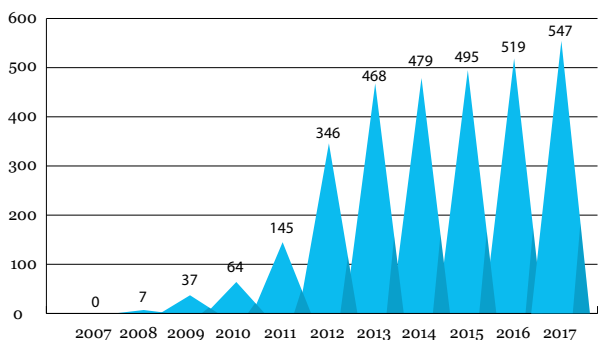


The graph linked to the growth in quantities of renewable energy fed into the networks over these past years is a perfect illustration of the challenge with which ORES is confronted:

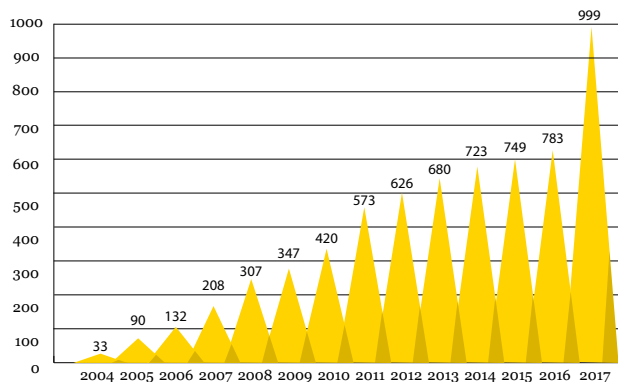
promote the emergence of the renewable energy market, which is local and circular, while ensuring that a high-quality service is maintained for the community in its entirety.

DEVELOPMENT OF DECENTRALISED ENERGY PRODUCTION (PDE) EXPRESSED IN INSTALLED POWER (MVA) ON ORES' NETWORKS

PDE ≤ 10kVA (MVA)



PDE > 10kVA (MVA)

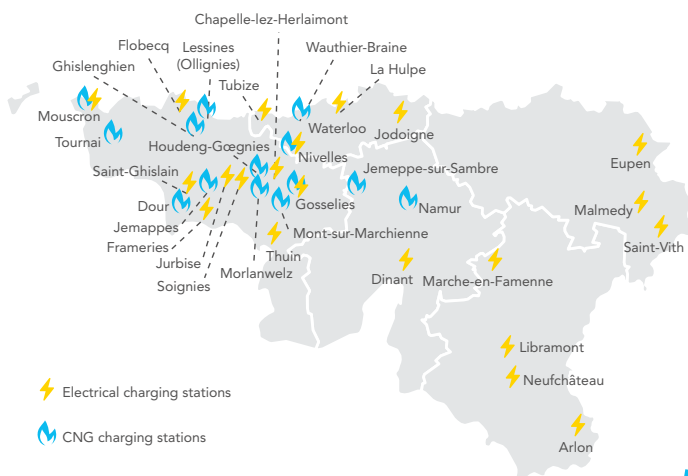


The fight against global warming also involves thinking about mobility. Between 2010 and 2017, the number of cars on Walloon roads increased by 12%. Although there are paths which aim to promote gentle mobility – shared ownership of cars, car sharing and, clearly, public transport – public authorities also wish to now encourage motorists to opt for vehicles which at least run partially on electricity or natural gas rather than models fitted exclusively with combustion engines – which, in addition, are in the process of being banned in numerous European countries.

In order to promote multiple alternatives to petrol or diesel, ORES also wishes to support the development of CNG (compressed natural gas). This support is reflected practically through advice for operators who wish to install charging stations for this type of vehicle, information on the capacity of our networks to accommodate their facilities at the least cost, through assistance during so-called permitting procedures and of course, through the technical connection of the stations to the network. At the start of 2017, the company also benefited from the *Salon de l'Auto* [Car Show] to allocate a bonus of €500 to the first 200 individuals residing in the area where it does business who purchase a new CNG vehicle.

The recharging at home of these alternative vehicles is still at this restricted stage, so the public are waiting for the development of recharging infrastructure on the roads. ORES wishes to support its public and private partners in this area. Since 2015, the company has installed 22 fast charging stations for electric vehicles throughout the area where it conducts its activities, including two during the 2017 financial year in Thuin and Mouscron.

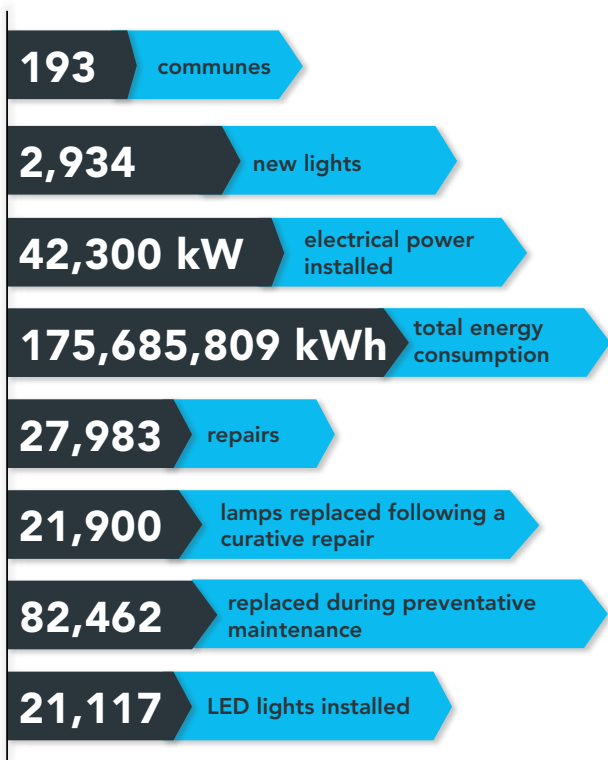
Finally, should be noted that ORES has initiated the conversion of its own fleet towards CNG and electric running, as vehicles are renewed and new needs are encountered by the company. At the end of 2017, 56 of the company's cars and vans were CNG models (amongst which is the first CNG stacking truck in Europe) while 2 vehicles run on electricity.



2.9. MANAGEMENT OF COMMUNAL PUBLIC LIGHTING STOCK

By 2030, ORES will help Wallonia to modernise its communal public lighting stock. By deploying LED technology over the 440,000 lights within its area of activity, our company will enable towns and communes to combine economy and ecology. This work will also give an opportunity to propose innovative solutions to our partners, in collaboration with private operators, for their Smart Cities formalities.

KEY FIGURES



2.9.1. SAVINGS AND SUSTAINABILITY

Last September, the Walloon government decided to entrust system operators with the complete modernisation of the communal public lighting stock. Over a decade, ORES will deploy LED technology in communes where it manages their public lighting stock.

Based on technology which is now mature, LED will enable communes to reduce their electricity consumption and to participate actively in energy transition, with beneficial effects for public and for the environment. Compared to conventional lighting equipment, LED bulbs have a longer useful life, consume less energy and require less maintenance. The light which they emit also performs better and offers a clearly improved visibility.

At the time where public lighting represents an average more than 50% of the electrical consumption for which communes are responsible – according to an estimate by the Wallonia Towns and Communes Union which has long pleaded for this renovation of the lighting stock – the replacement of the old bulbs with LEDs offers considerable prospects for savings. Over the entire stock managed by the company, the modernisation of lighting points will reduce energy consumption by 97,000 megawatt-hours (MWh) per year, i.e. an annual reduction of 29 tonnes of CO₂ equivalent.



Commune budgets will not be encumbered by this investment: the financing of the operation will be covered in one part by the energy savings generated and savings in maintenance – through the Walloon Government who will entrust us with a closed budget as part of our public service obligations.

2.9.2. TOWARDS SMART CITIES

The public authorities' ambition to better control costs and to fight climate change is not limited to switching to LED. There are many operators who are currently thinking about innovative solutions to optimise the management of public spaces and offer new services to the community.

The major operation of modernising the lighting network is the time for ORES to support its local partners in their "getting smarter" procedures and for setting up sustainable and smart cities and communes. Lighting can play a key role in the development towards this new environment; the network and the lights are everywhere that people live, work and travel, and they may therefore, for example, facilitate access to broadband networks, as well as the installation of information screens, smart parking management or air pollution level sensing systems, etc.

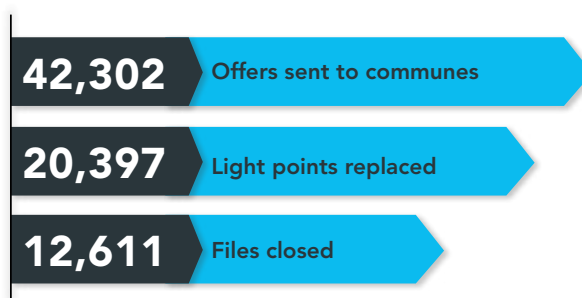
As part of this overall thought process, ORES is therefore listening to the needs and expectations expressed by the communes. By collaborating with private operators, our company once to capitalise on the switch to LED to facilitate the installation of solutions which are sustainable and user-friendly for the community.

2.9.3. CONTINUING WITH THE REPLACEMENT OF "HP HG" LAMPS

Following European directive of 2015 (245/2009) which bans the sale of high-pressure mercury vapour lamps (so-called "HP Hg"), three years ago ORES initiated a major replacement programme for the public lighting points concerned. Some 48,000 lights should now be replaced with new more high-performance technology which is more respectful of the environment and less costly for communes.

The method for financing this fast operation provides for coverage of a part of the cost by the DSO through its public service obligations (PSOs). The balance is covered by the communes. For the commune financing, the sums needed are drawn down through an advance from Sowafinal, a subsidiary of the *Société Régionale d'Investissement de Wallonie* (S.R.I.W. - Wallonia Regional Investment Company) and a potential loan taken out by ORES on behalf of the communes concerned. The reimbursement of the advances of the part covered by the communes is compensated by the reduction in the energy bills received from their supplier following the energy improvement of the stock. Working in this way, the impact on the commune's regular budget is limited.

As at 31 December 2017, the progress of operations was as follows:

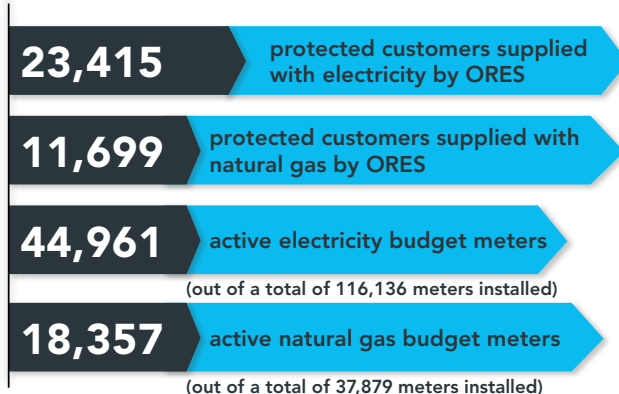


During 2017, ORES replaced more than 9,200 HP Hg lamps. The company estimates that the savings engendered by this work will translate into an overall reduction in consumption amounting to 4,375,000 kWh for the communes (savings generated thanks to replacement of the frame, the lamp and adjustment of light intensity).

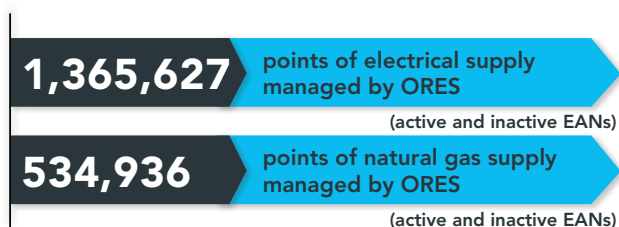


2.10. MARKET OVERVIEW

At the heart of the liberalised energy market, the networks specifically make it possible to have exchanges between the sellers and purchasers of electricity or gas. ORES' task is to put in place the conditions necessary for the harmonious operation of the market on the networks which it is responsible. By installing and reading the meters, by collecting, validating and transmitting customer consumption data to energy suppliers through suitable IT infrastructures, by managing house moves and contract changes... In short, by administering all the data linked to market processes. And here also, the development of the network management – specifically with the prospect of deploying smart meters in Wallonia – will transform the business and enhance the role of system and data operator taken on by ORES.



KEY FIGURES 2017



Among the tasks entrusted to ORES as part of these public service obligations is the task of managing market conditions connected to problematic moves. A specific process aims to enable situations experienced by customers to be sorted out more rapidly, whilst reducing the number of service calls needed on the ground to carry out administrative or technical operations, or even disconnections. As part of this, almost 48,000 requests were sent to the company last year. 95% of cases, the case was able to be settled by the administrative teams without them having to an outage. It should be noted that the number of customers "under supplier X", i.e. supplied by ORES following a problematic premises move or an end of contract with their supplier, dropped from 10,331 in 2016 to 6,022 in 2017.

Finally, it should be remembered that access to energy is a right in Belgium. ORES is committed on a daily basis to ensure that this right is respected by taking on very practical responsibilities: taking on the role of social provider for protected customers or those who can no longer be supplied by a conventional commercial supplier, fitting budget meters at the premises of customers who are not able to honour their energy bills or participating in "Local Committees for Energy" to help customers who are in the grip of financial difficulties to find solutions.

Fitting of budget meters at customers' premises:

Who are socially protected

	ELECTRICITY	GAS	TOTAL
Number of requests	7,357	3,538	10,895
Number of installations	2,357	1,080	3,437
Number of outages following a refusal to install a meter	289	371	660

Unprotected

	ELECTRICITY	GAS	TOTAL
Number of requests	60,142	27,844	87,986
Number of installations	11,978	4,942	16,920
Number of outages following a refusal to install a meter	2,543	2,178	4,721

Number of files examined by the Local Commission for Energy:

- 608 files relating to the minimum supply
- 2,417 files linked to the protected customer status
- 861 files given the granting of gas supply cards during the winter period (including 606 positive responses)

2.11. OTHER NON-FINANCIAL INFORMATION

2.11.1. ENVIRONMENTAL RESPONSIBILITIES

ORES has a unit devoted to environmental matters within its internal occupational prevention and protection service. Several tasks are incumbent upon this service, particularly in terms of environmental assessment and internal awareness-raising of prevention and pollution treatment actions.

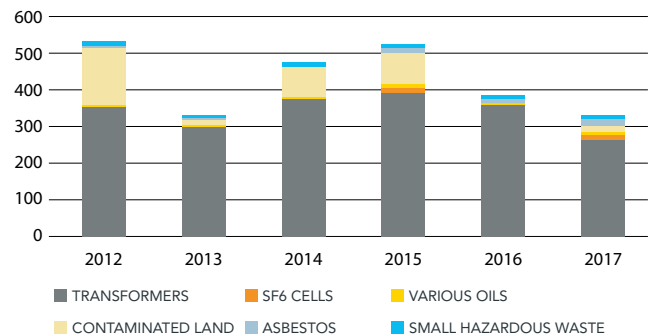
Each year, this service produces and submits the declaration relating to the production of hazardous waste for the previous financial year to the Walloon Region.

The hazardous waste produced by ORES varies in nature.

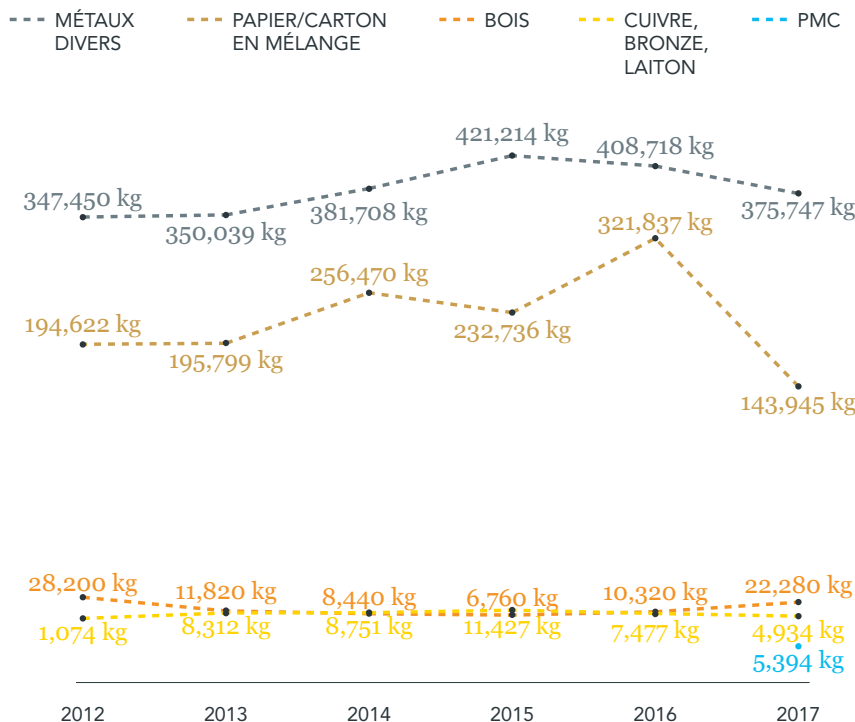
- Electrical transformers removed from the network following their replacement. They are dealt with and "boned", their metals are cleaned, sorted and revalued while their oils are processed according to their quality (organic, with or without PCB).
- SF6 cells corresponding to switches on our high-voltage kiosk substations, containing a switching device and a non-conducting gas which is not toxic to humans but hazardous for the environment. The cells are transported by a service provider to a specialist site in France to be processed. The gases that they contain can be recycled there.
- Contaminated land which generally results from sites conducted by or for ORES where pockets of resultant pollution are discovered during preparation works. The quantities are therefore difficult to predict.
- Asbestos-cement (or fibro-cement) removed routinely during work in high-voltage kiosks.

- Various oils drained from metal drums/bungs and processed by an external service provider.
- "Small hazardous waste" which corresponds to various types of waste (pots of paint, gas filters, brushes etc.) that has been drained into open containers then processed according to the type to which it belongs.
- ORES uses bins and dedicated containers for each specific type of waste: paper/cardboard, metals, meters, etc. It goes without saying that these containers should only accommodate suitable waste, or else they will be decommissioned.

TONNAGE OF MAJOR HAZARDOUS WASTE

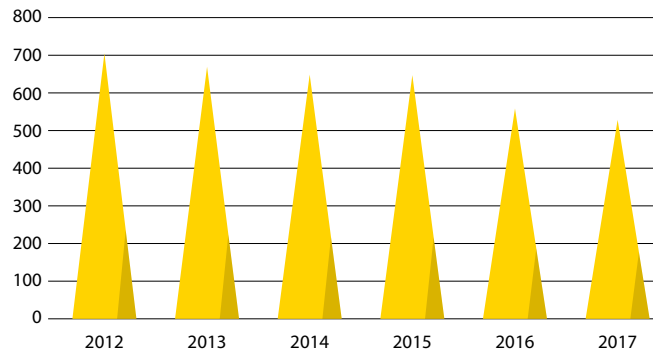


TYPE OF WASTE



ORDINARY INDUSTRIAL WASTE (CLASS II; DIB)

It is noted that this sort enables the company to reduce its quantity of "ordinary" industrial waste over time (class II) which cannot be sorted.



Beyond the sorting of waste, ORES is setting up various initiatives with a view to protecting the environment: high-performance architectural projects for the rational use of energy and water, gradual conversion of the vehicle fleet to alternative models issuing less fine particulates – see in addition, on page 39 – mechanisms which aim to protect bird wildlife close to our overhead infrastructures, setting up remote working and encouraging employees to practice car-sharing – 2,091 days of car sharing accounted for during financial year 2017 – in order to limit travel, etc.

2.11.2. PREVENTION POLICY: "SHARED VIGILANCE"

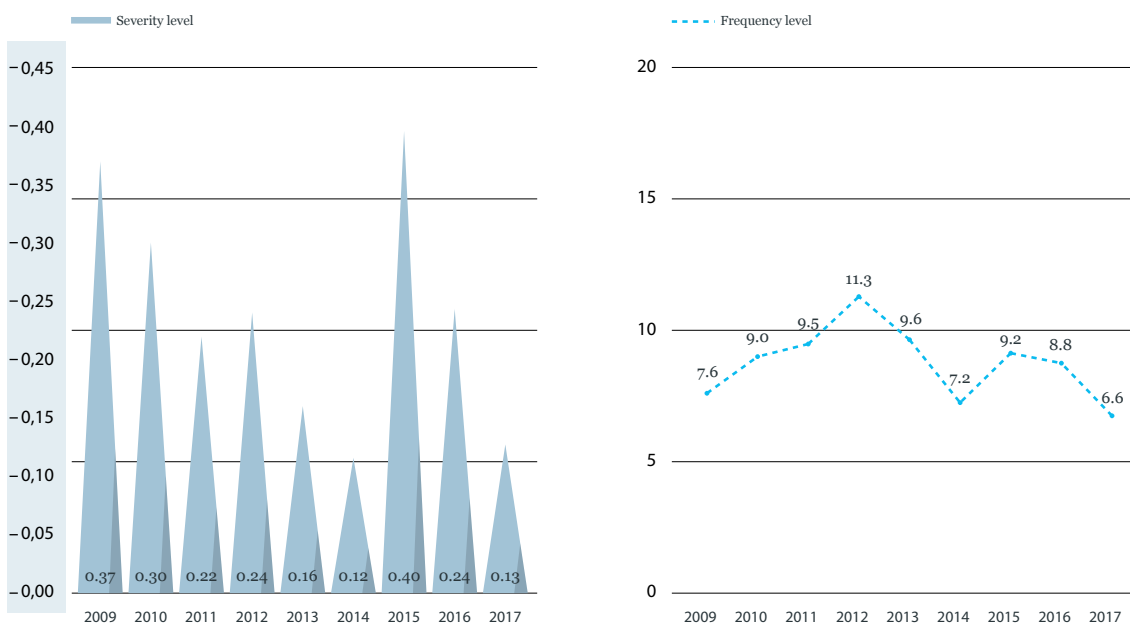
Other major concerns within the company: prevention and safety. For many years, ORES has committed to a procedure to combat work-related accidents. Within this fight, the only envisageable objective is to work towards zero accidents.

As part of the development of a multi-year safety plan, the company has acknowledged, since 2015, the importance of

an integrated prevention culture shared by all staff as a decisive element in attaining sustainable performance. "Shared vigilance" designates this vision: a co-operative action which consists of being vigilant for one's own safety, but also for that of others. In order that all those involved in the company can sign up to this new culture and nurture it day-to-day, ORES has developed a continuous and uniform training process. It is now an integral part of the training path of all our company's employees. In this context, almost 500 days of awareness-raising have been dedicated to members of staff during 2017.

Initiated three years ago, the "shared vigilance" dynamic is starting to bear fruit within ORES. 2017 has been, without doubt, the most successful year in terms of safety since the company was created, as no accident related to our fluids has been condemned. Our employees attention was also allowed to remain well below the "maximum" number of accidents and lost days fixed at the start of the year.

CHANGE IN THE ACCIDENT FREQUENCY LEVEL/SEVERITY LEVEL



ORES also trains its external service providers to work on the networks. The company's training centre grants authorisations and permits to sub-contracting companies so that its members can work safely on distribution infrastructures; in 2017, more than 2,200 training hours were therefore delivered by ORES trainers to workers from other companies.

2.11.3. FAIRNESS OF PRACTICES

ORES' policy in terms of public procurement contracts is manifested in the various clauses repeated in special specifications, bearing witness to the company's concern for social, environmental and economical considerations.

On a social and economic level, clauses relating to anti-social dumping are inserted specifically into special specifications for contracts awarded in sectors more sensitive to social fraud. The topics of sub-contracting, language, accommodation, remuneration due to workers, penalties and sanctions are thus provided for and enable, as is underlined by the guide published by Wallonia on the subject, a contribution to be made to promote loyal competition and fight against social dumping. Furthermore, the lack of exclusion clauses on the part of candidates/bidders, and, if appropriate, their sub-contractors, is verified – especially in the absence of any conviction for employing people from third countries staying illegally, child labour and other forms of treatment of human beings, absence of social/tax debts – in all award procedures

and sanctions are provided for if a similar situation should occur while contracts are pending execution.

In addition, specific clauses are provided for depending on the subject of the contract, for example in terms of services which require our co-contractors to comply with the five basic standards of the International Labour Organization (8 fundamental conventions of the International Labour Organization).

Finally, with regard to measures in terms of the environment, additional to the measures provided for in the special specifications depending on the subject of the contracts (for example: supplies with an "ecolabel" or so-called "environmentally responsible" products, etc.), a specific prevention, protection and environmental regulation is applicable for carrying out works, the provision of services and the supply of equipment to ORES. Recommendations are specifically provided for here in terms of safety and the obligation to comply strictly with all the regulations in terms of environment (managing wastes, duty to inform relating to all incidents which can have an impact on the environment and to take all useful measures to limit waste, etc.).



TRUE AND FAIR VIEW OF THE BUSINESS DEVELOPMENT, PROFITS/LOSSES AND FINANCIAL SITUATION OF THE ORES GROUP

2.12. PRELIMINARY NOTE:

The ORES group (hereinafter referred to as "the Group") is made up, on the one hand, of the inter-municipal company ORES Assets scrl, created from the merger of the eight Walloon mixed gas and electricity distribution inter-municipal companies which took place in 2013 (hereinafter referred to as "the DSO" or "ORES Assets"), and on the other hand, ORES scrl, almost all the shares of which are held by ORES Assets (99.72%); the balance being held by the associate pure inter-municipal financing companies in ORES Assets.

Within the Group, there is also a company held partially by ORES scrl, the company Atrias, a 16.7% stake of which is held. Because of the notable influence of ORES scrl on this company, the Group has decided to consolidate it by the equity consolidation method.

As Electrabel/Engie has transferred its shareholding in ORES Assets to the pure inter-municipal financing companies who were shareholders therein on 31 December 2016, ORES Assets is now fully held by the public authorities (communes in the area where it operates or pure inter-municipal financing companies). The Group has been exclusively active in Wallonia in the area of the communes who are associated with ORES Assets. The address of the Group is the registered office of ORES scrl and ORES Assets, 2 avenue Jean Monnet, 1348 Louvain-la-Neuve (Belgium).

With regard to ORES Assets, it is officially the distribution systems operator (DSO) of 197 communes.

It is developing within a specific context. Distribution network operation is a regulated activity, to which a monopoly is granted for a given period. A regulatory framework, made up of laws, decrees, orders and decisions of the regulators, governs ORES Assets' activity. This means that the tariffs billed by our inter-municipal company for the use of its network or for the various services carried out at the request of customers who are users of the network must be approved beforehand by the regulator and the application of these tariffs is controlled retrospectively by the latter. The principles and procedures for determining and controlling tariffs are provided for in the regulatory framework. This also specifies the costs which may be passed on in the tariffs and their classification; it determines the remuneration of the capital invested granted to ORES shareholders, it fixes depreciation rates, defines the regulatory balances and their allocation, etc.

Since the complete liberalisation of the energy markets, it is fair remuneration which repays the capital invested in distribution networks (*REMCI - Rémunération Equitable Moyenne des Capitaux Investis* (Average Fair Remuneration of Invested Capital)). This is established by multiplying the value of the regulated assets of the network operator (Regulated Asset Base or RAB) by the percentages of yield determined by the regulator in its tariff methodology.

The tariff methodology adopted by CWaPE (hereinafter referred to as "CWAPE tariff methodology") constitutes the

main text of the tariff regulatory framework.

FAIR MARGIN

As part of this CWAPE tariff methodology, a distinction has been made between:

- the primary fair margin which is fixed each year by applying the "primary" yield percentage on the average value of the "primary" regulated assets;
- the secondary fair margin which is fixed each year by applying the "secondary" yield percentage on the average value of the "secondary" regulated assets. (cf. below)

The total fair margin is the sum of the "primary" fair margin and the "secondary" fair margin.

The distribution system operator also calculates the value of the fair margin according to the rules and parameters summarized in articles 3 to 8 of the Royal Decree of 2 September 2008 (hereinafter referred to as "the 2008 RD fair margin"), namely the methodology for determining the applicable REMCI from 2008 to 2014.

The fair margin used to determine the distribution tariffs is the maximum value between, on the one hand, the sum of the primary and secondary fair margins calculated according to the CWAPE's tariff methodology and, on the other hand, the "AR 2008 fair margin".

REGULATED ASSETS: PRIMARY AND SECONDARY

Under the CWAPE's tariff methodology, a distinction has been made between:

- regulatory tangible assets acquired up to 31 December 2013 which are included in the "primary" regulatory assets;
- regulatory tangible fixed assets and computer software purchased after 31 December 2013 which are included under "secondary" regulatory assets.

Contrary to the tariff methodology applicable during the 2009-2012 period (extended by CREG up to the end of 2014), the RAB taken into account for the calculation of the remuneration of invested capital no longer takes account of the need for net working capital.

PERCENTAGE OF PRIMARY AND SECONDARY YIELD

- The "primary" yield percentage is applied to the average value of the value of the primary regulated assets.
- The "secondary" yield percentage is applied to the average value of the value of the secondary regulated assets.

The formula applicable for the calculation of the primary and secondary yield percentage is presented as follows:

- if $S = 33\%$ or $S < 33\%$, the yield percentage is: (a) $33\% \times (1 + \alpha) \times (\text{OLO interest } n + (R_p \times \text{'beta'}))$;

- if $S > 33\%$, the yield percentage is the sum of: (a) $33\% \times (1 + \alpha) \times (\text{OLO interest } n + (R_p \times \text{'beta'}))$;

and (b) $(S - 33\%) \times (\text{OLO interest } n + 70 \text{ bp})$

with:

S primary rate = ratio between the average value of shareholders' equity for 2013 and the average value of the regulated assets for 2013, capped at 100%;

S secondary rate = ratio between the average value of shareholders' equity for the year concerned and the average value of the primary and secondary regulated assets for the year concerned, capped at 100%;

Alpha = the illiquidity factor, the value of which is set at 0.2;

OLO n = actual average yield rate on 10-year Belgian State linear bonds:

- issued during the year concerned to determine the secondary yield rate
- issued during 2013 to determine the primary yield rate

R_p = Market risk premium = 3.50%;

Beta = 0.65 of electricity and 0.85 for gas (as long as distribution system operators are not quoted on the Bourse [stock exchange]).

For shareholders' equity up to the basic rate (a):

The rate of remuneration defined by the regulator for year "n" is equal to the risk-free rate (real average rate of return of 10-year Belgian linear bonds) and the market risk premium weighted by the Beta factor. Furthermore, an illiquidity factor of 1.2 is applied to the remuneration of shareholders' equity. It should be noted that the regulator recommends a so-called solvability ratio (average shareholders' equity/ average regulated assets) equal to 33%; this ratio is applied to ORES Assets' regulated assets to determine the basic shareholders' equity of the latter.

For shareholders' equity above the basic rate (b): If the shareholders' equity exceeds the basic shareholders' equity, namely 33% of the regulated assets, the surplus is remunerated at a reduced rate calculated based on the formula (OLO n + 70 basis points).

An increase of 100 base points is added to the value of the secondary yield percentage.



COSTS

With regard to costs, uncontrollable costs must be distinguished from controllable costs.

Uncontrollable costs are those over which ORES Assets does not have any direct control; they are an integral part of the costs taken into account for establishing tariffs.

Controllable costs are those over which ORES Assets does have direct control.

The annual balances relating to uncontrollable costs but also the differences attributable to actual and provisional conveyed volumes constitute either a receivable (regulatory asset or reported deficit), or a debt (regulatory liability or reported surplus) with regard to customers and are transferred to ORES Assets' balance sheet adjustment accounts.

The annual difference between actual controllable costs and estimated controllable costs are part of ORES Assets' profit or loss. It is fully returned to the shareholders if actual controllable costs are less than estimated controllable costs (bonus); it is totally at the expense of the latter in the opposite case (malus).

DISTRIBUTION TARIFFS

The tariffs are fixed based on forecast values of all the costs.

On 15 December 2016, the CWaPE approved the tariff proposals submitted by ORES Assets for the 2017 financial year (which came into force on 1 January 2017). The tariffs for rebilling transport costs were reviewed: on 13 February 2017 (new surcharges from the transport system operator (TSO) and re-invoicing of transmission costs) which came into force on 1 March 2017.

During the financial year 2017, the CWaPE specifically made two decisions relating to the distribution tariffs for the following financial years. On the one hand, on 13 July 2017, the regulator adopted the tariff methodology applicable to the electricity and natural gas distribution system operators active in Wallonia for the regulatory period 2019-2023. On the other hand, on 1 December 2017, the CWaPE approved the extension of the electricity and gas network distribution tariffs in force on 31 December 2017 until 31 December 2018 inclusive, as well as the tariff methodology for this financial year.

REGULATORY BALANCES

With regard to the allocation of regulatory balances from 2008 to 2013, the CWaPE authorised only 10% of the total of these balances (per sector and per energy) are respected in the form of a deposit on the 2015 and 2016 tariffs in order to initiate the clearing of the total regulatory balance. Then, the CWaPE has authorised that 20% of the total balances concerning the period 2008 to 2014 are passed on in the form of prepayments in the 2017 and 2018 tariffs. The CWaPE wishes to clear the residual accumulated 2008-2014 regulatory balance for the 31 December 2022.

COMMON SECTOR

As stated when ORES Assets was set up, and as was specified in its articles and memorandum of association, a new so-called "joint" sector was put in place in 2014. Intended to accommodate all of the developments shared previously by the 8 mixed DSOs, it brings together the assets of these merged DSOs held in co-ownership.

COMMENTS ON THE EVENTS OF THE 2017 FINANCIAL YEAR

- Subscription, new borrowing from the EIB (European Investment Bank) for €150 million (as part of a €550 million programme), from BNP Paribas Fortis for €190 million and from ING for €70 million.
- Distribution of available reserves for an amount of €24 million.
- As was the case in 2016, an increase in capital (€22 million) was carried out by the shareholders at the end of the financial year.
- Finalisation of the partial demerger of the PBE inter-municipal company as part of the affiliation of 4 new communes: Incourt, Chastre, Perwez and Villers-la-Ville into ORES Assets, by partial PBE merger with effect from 1 January 2018.
- Finalisation of the takeover of the operation of the electricity network of the City of Liege by RESA. Purchase of the ORES scrl by ORES Assets from RESA.



- Approval by the regulator of the statutory electricity balances relative to 2015 and 2016.

2.13. COMMENTS ON ORES SCRL'S ANNUAL FINANCIAL STATEMENTS IN ORDER TO SET OUT THE COMPANY'S BUSINESS DEVELOPMENT AND SITUATION IN A FAITHFUL MANNER.

2.13.1. ELEMENTS FROM THE PROFIT & LOSS STATEMENT AS AT 31 DECEMBER 2017

The amount for sales and services is €588,381,000 in 2017, an increase of 1.74%. It comprises ORES scrl's turnover in the amount of €570,655,000. This represents the costs taken account in ORES Assets (€564,333,000) and works carried out on behalf of third parties (€6,322,000). The balance of sales and service is represented, on the one hand, by other operating revenue (€12,874,000) principally including recoveries of general costs and staff costs, as well as recoveries of overheads and staff costs, as well as recoveries on all rebilling connected to agreements concluded by the company, and, on the other hand, by a product related to activating staff costs and of a mixed nature in development projects (€4,852,000).

As a reminder, ORES scrl's profit and loss statement as at 31 December 2017 is zero. In fact, ORES scrl manages the distribution networks (electricity and gas) on behalf of ORES Assets, at cost price.

Purchases of goods amounted €65,900,000, an increase of 1.86%.

Goods and miscellaneous services (€267,688,000), up by 4.84%, concern investment and operation works and third-party buy-back rate (N-Allo call centre fees, external consultant or lawyers' fees or payments made for services rendered in the IT field). The balance is made up of costs relating to usage licences, transport, rent and rental costs, postage, representation, training etc.

Salaries, social security expenses and pensions amount to €243,726,000; these are down by 2.91%.

The amount for depreciation at €4,109,000 has increased by 34% and represents the depreciation on investments actuated as development costs.

A provision for risks and expenses of €974,000 was formed of which €795,000 concerns a dispute and €179,000 is an allocation additional to the provision recorded in 2015 for works to be carried out to "vectorise" the network plans.

Financial expenses of €32,517,000, an increase of 5.41%, essentially comprises interest on bonds (€630 million), commercial paper (€131 million) and bank loans (€460 million). In 2017, new bank loans were taken out: €310 million from ING and BNP Paribas Fortis as well as €150 million from the EIB (as part of a €550 million programme).

Taxes in the amount of €5,550,000, an increase of 38.9%, mainly represents the tax provision on the profit and loss for the 2017 financial year.

Financial income of €32,517,000 is the result of the transfer by ORES scrl of its financial result for 2017 to ORES Assets.

2.13.2. ITEMS FROM THE BALANCE SHEET AS AT 31 DECEMBER 2017

ASSETS

Set-up costs in the amount of €1,914,000 are made up of bond issue costs. In 2017, it was decided to actuate and depreciate the issue costs in the year as well as to depreciate the residual value of the issue costs at the end of 2016 over 2 years, namely 50% in 2017 and 50% in 2018.

Intangible fixed assets in the amount of €13,273,000, an increase of €847,000, are made up of development projects (mainly Smart Grids and Smart Metering).

Financial fixed assets in the amount of €1,228,753,000, an increase of €411,324,000, are mainly made up of funds provided to ORES Assets for an amount of €1,220,750,000 and an advance to Atrias scrl of €7,175,000.

ORES scrl has 62 shares in the company Atrias scrl and 4077 shares in N-Allo scrl.

Inventories and orders in progress amount to €37,204,000, i.e. an increase of €3,635,000.

Trade receivables of €44,638,000 are up by €13,101,000 compared to 31 December 2016. These trade receivables are essentially made up of ORES Assets' receivables (€37,909,000) and from other customers by virtue of agreements and contracts.

Other receivables of €7,228,000 are down by €135,698,000

compared to 31 December 2016 and are essentially made up of the balances of the current accounts with ORES Assets.

Investments, for a total amount of €145,016,000 (as against €52,321,000 in 2016), i.e. an increase of €92,695,000, were made in accordance with the decisions of the Board of Directors aiming to set up a prudent policy in this regard. They are mainly made up of term investments on bank accounts and represent an amount of €126,000,000.

Liquid assets, €45,037,000, brings together liquidities held in demand deposits and corporate funds.

The asset adjustment accounts amount to €1,260,000.

LIABILITIES

The amount of share capital at the end of the 2017 financial year is identical to the share capital as at 31 December 2016 and amounts to €458,000. It is held by ORES Assets as well as by the pure financing inter-municipal companies IDEFIN, IPFH, FINEST, SOFILUX, FINIMO, IPFBW and IEG; it breaks down as follows:

Shareholder	%	Number of shares
ORES Assets	99.72%	2,453
IDEFIN	0.04%	1
IPFH	0.04%	1
FINEST	0.04%	1
SOFILUX	0.04%	1
FINIMO	0.04%	1
IPFBW (ex. SEDIFIN)	0.04%	1
IEG	0.04%	1
Total	100%	2,460

The capital subsidies account (€54,000) represents two subsidies received from the Walloon Region, one under a project for the management of networks open to renewables and the other for a general interest industrial research project relating to smart meters (Smart Users).

Provisions for risks and expenses made up of a provision of €7,679,000 recorded as part of works to be carried out to vectorise the distribution network plans and a provision of €795,000 for a dispute.

Non-term financial debts in the amount of €1,220,750,000, up by €410,000,000 compared to 31 December 2016, are made up of several elements:

- commercial paper and bank loans for an amount of €440,750,000;
- bonds for an amount of €630,000,000;

- a loan of €150,000,000 taken out with the EIB in 2017 (as part of a €550 million programme).

Short-term financial debts are made up of commercial paper for an amount of €145,000,000.

Trade debts of €74,822,000, an increase of €12,201,000 compared to 31 December 2016, correspond to the supplier balance, to invoices and credit notes to be received.

Tax, salary and social security liabilities in the amount of €45,990,000, a reduction of €3,850,000 compared to 31 December 2016, take in:

- tax liabilities for €4,399,000: the payroll tax balance to be paid, the estimated tax provision for 2017 as well as payments of taxes for previous years and the 2017 balance of VAT to be paid;
- salary and Social Security liabilities (€41,591,000):
 - provisions for bonuses to be paid and salaries to be paid for €13,349,000;
 - ONSS (social security contributions) for €10,250,000;
 - the provision for holiday

Other debts amount to €5,297,000.

The liability adjustment accounts (€23,478,000) have increased by €4,083,000 and specifically take in the amount invoiced to other companies to cover annuities to pay to employees who have worked for these (€7,438,000), as well as an amount of €13,856,000 essentially related to the financial expenses to be paid on our private investments and bonds.

2.14. COMMENTS ON ORES ASSET'S ANNUAL FINANCIAL STATEMENTS IN ORDER TO SET OUT THE COMPANY'S BUSINESS DEVELOPMENT AND SITUATION IN A FAITHFUL MANNER.

2.14.1 ELEMENTS FROM THE PROFIT & LOSS STATEMENT AS AT 31 DECEMBER 2017

Evolution of the result (in thousands of €)	31/12/2017	31/12/2016
Operating income	1,126,253	1,085,504
Cost of sales and services	- 912,881	- 888,277
Operating profit	213,372	197,227
Financial products	227	114
Financial expenses	- 60,286	- 65,879
Profit for the financial year before tax	153,313	131,462
Tax on the profit	- 57,516	- 37,942
Transfer to tax-free reserves	-744	-744
Profit for the financial year available for distribution	95,053	92,776
Allocation to the free reserves	- 13,866	- 11,372
Sums drawn from available reserves	24,360	2,843
PROFIT TO DISTRIBUTE	105,547	84,247

Dividends to be distributed by activity (in thousands of €)	31/12/2017	31/12/2016
Electricity grid operation	71,210	55,735
Gas network operation	33,931	28,102
Other activities	406	410
Total	105,547	84,247

The dividends to be paid to shareholders for owners Assets' "network operation" activity amounts to:

- o Electricity: €71,210,000 as against €55,735,000 in 2016, i.e. + 27.76%.
- o Gas: €33,931,000 as against €28,102,000 in 2016, i.e. + 20.74%.

It should be noted that the profit for the "Others" activity amounted to €406,000 in 2017 as against €410,000 in 2016.

Dividends to be distributed by sector (in thousands of €)	31/12/2017	31/12/2016
ORES Namur	13,731	13,463
ORES Hainaut	53,653	36,424
ORES East	3,198	3,199
ORES Luxembourg	11,236	10,586
ORES Verviers	5,741	3,977
ORES Walloon Brabant	13,518	13,008
ORES Mouscron	2,635	2,087
ORES Joint	1,835	1,503
Total	105,547	84,247

ANALYTICAL RESULTS FOR ORES ASSETS

a) General note concerning the results from Network Management activities for the 2017 financial year

The number of EAN (European Article Numbering) codes, which means points of supply, for which ORES Assets was responsible in 2017 amounted to 1,315,373 in electricity (+ 0.9% compared to 2016) and 476,053 in natural gas (+1.9% compared to 2016).

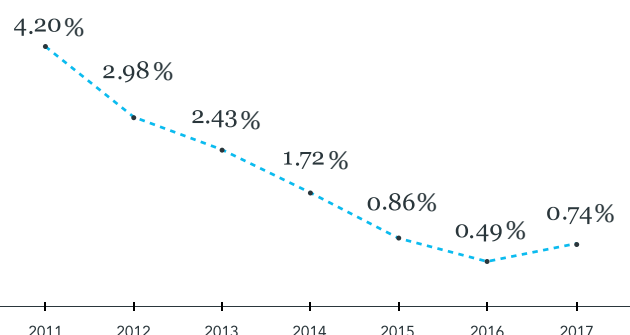
The REMCI of all ORES Assets' sectors amounted, in 2017, to:

- o Electricity: €58,352,000 compared to €56,638,000 in 2016, i.e. + 3,0 %
- o Gas: €30,373,000 compared to €29,014,000 in 2016, i.e. + 4.7 %

It should be noted that REMCI is influenced by the following parameters:

- Average 10-year OLO rate for the financial year
- Average RAB for the financial year
- Average equity for the financial year.

CHANGE IN OLO RATE (%)



As a reminder, in order to determine the "primary" yield rate, according to the CWaPE's methodology applicable from 2015 to 2018, the average 10-year OLO rate for the financial year 2013 should be used, i.e. 2.43%, while the average OLO rate for the financial year 2017 is 0.74%.

All sectors together, the differences in controllable costs for 2017 (bonus (+)/malus (-)) are as follows:

- o Electricity: + €5,894,000
- o Gas: + €1,356,000

Regulatory balances have been accounted for in 2017 in the amount of €5,982,000 (overall, these are regulated assets). They amount to:

- o Electricity: €-9,712,000 (regulated assets, RA)
- o Gas: + €3,730,000 (regulated liabilities, RL)

In 2016, it was the regulated liabilities which were accounted for as being €48,850,000, mainly generated by corporation tax (CT). The CT for the 2015 and 2016 financial years was recoverable from 1 June 2015 to 31 December 2016.

In 2017, it is a down payment of 20% on the regulated assets/liabilities for the period from 2008 to 2014 which was recovered from the market or refunded to it. The same will be true in 2018.

The total balances of the regulated assets and liabilities, all sectors together for the 2008 to 2017 financial years amounts to €67,385,000 and breaks down as follows:

- o Electricity: €60,374,000
- o Gas: €7,011,000

b) Electricity profit/loss (all sectors together)

Seen from an analytical angle, the profit/loss for Network Operation activity (€63,054,000 as against €61,407,000) is made up of:

- Income (€876,500,000 as against €850,324,000) such as:

- invoiced transmission charges: these amounted to €876,042,000 in 2017 as against €868,563,000 in 2016 and includes the RTNR (*redevance transit non relevée* - non-increasing transmission charge).
- regulated assets/liabilities:
 - o in 2017: + €9,712,000 (RA)
 - o in 2016: € (14,610,000) (RL)
 - o the adjustments of the regulatory balances for the financial years 2015 and 2016 accounted for in 2017 following the publication of the CWaPE's decisions causing a reduction in turnover of €584,000;
- the down payment of 20% in 2017 (period from 2008 to 2014) and of 10% in 2016 (period from 2008 to 2013) recovered (-)/refunded (+):
 - o in 2017: € (8,670,000)
 - o in 2016: € (3,629,000)

- Operational costs (€812,839,000 as against €788,306,000) increased by €24,533,000, (+ 3.1%) compared to the 2016 financial year. These are made up of controllable costs, which amount to €162,379,000, an increase of €12,171,000 (+8.1%), and uncontrollable costs in the amount of €650,460,000, up €12,362,000 (+1.9%).

It should be noted that under "Tax Shelter", a transfer to the tax-free reserves was made in the amount of €607,000.

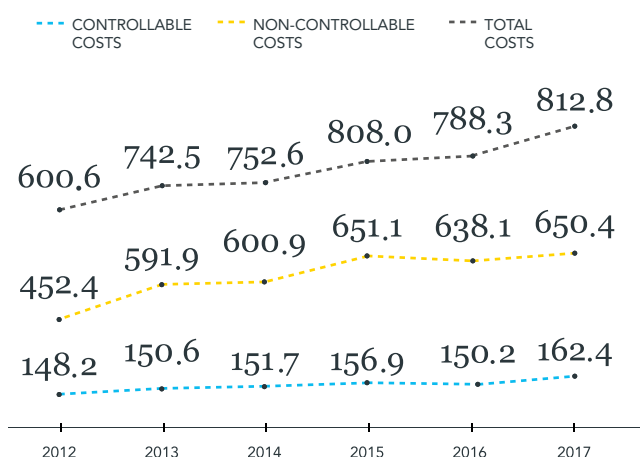
Controllable costs include distribution and network management costs, the costs of maintaining the infrastructure as well as the costs for measuring and metering activity.

With regard to uncontrollable costs, these include:

- Depreciation and asset retirements (€100,053,000 in 2017) including depreciation of capital gains, up by €5,497,000

- the use of Elia and third-party infrastructures (€350,153 in 2017) rose by €823,000
- the cost of the PSOs (public service obligations) (€44,721,000 in 2017) up €2,098,000 (+4.9%). The main reasons for this increase are the rise in write-downs as well as the increase in the cost of "Qualiwatt" premiums (installation of solar panels);
- the fee for using public highways for electricity (€27,050,000 in 2017), up €512,000;
- the cost of compensation for losses (€32,763,000 in 2017), down €1,087,000 (3.2%) (quantities effect);
- non-capitalised pension costs (€13,146,000 in 2017), down by €5,515,000 (-29.5%), these expenses are constantly reducing with the depreciation expiring in 2027;
- taxes (€46,776,000 in 2017), up €15,599,000, which is explained by the favourable adjustment relating to the financial year 2015 recorded in 2016, as well as the large reduction in the rate used for calculating notional interest (0.237% in 2017 as against 1.131% in 2016);
- the financial profit/loss (excluding pensions and PSO) (€36,862,000 in 2017), down €3,507,000.

TREND OF THE ELECTRICITY COSTS (IN M€)



The profit for the others activity amounted to €342,000 as against €354,000 in 2016.

Total profit for 2017 amounted to €63,396,000, as against €61,761,000 in 2016, i.e. an increase of €1,635,000 (+2.7%).

As part of the allocation of profits, a provision to available reserves was made in the amount of €10,051,000, and this was done to comply with the dividend distribution policy put in place. In addition, a levy on the available reserves in the amount of €18,210,000 was decided in December 2017 by the General Meeting.

2017 dividends returned to shareholders amount to €71,522,000 as against €56,089,000 in 2016 (the public shareholders receive all of the 2017 dividend as against €42,470,000 in 2016).

c) Gas profit/loss (all sectors together)

Seen from an analytical angle, the profit/loss for Network Operation activity (€31,593,000 as against €30,959,000) is made up of:

- income (€191,689,000 as against €179,910,000) such as:
 - invoiced transmission charges: these amounted to €206,251,000 in 2017 as against €217,265,000 in 2016 and includes the RTNR (redevance transit non relevée - non-increasing transmission charge).
 - regulated assets/liabilities:
 - in 2017: € (3,730,000) (RL)
 - in 2016: € (34,241,000) (RL)
 - the downpayment of 20% in 2017 (period from 2008 to 2014) and of 10% in 2016 (period from 2008 to 2013) recovered (-)/refunded (+):
 - in 2017: € (10,832,000);
 - in 2016: € (3,114,000);

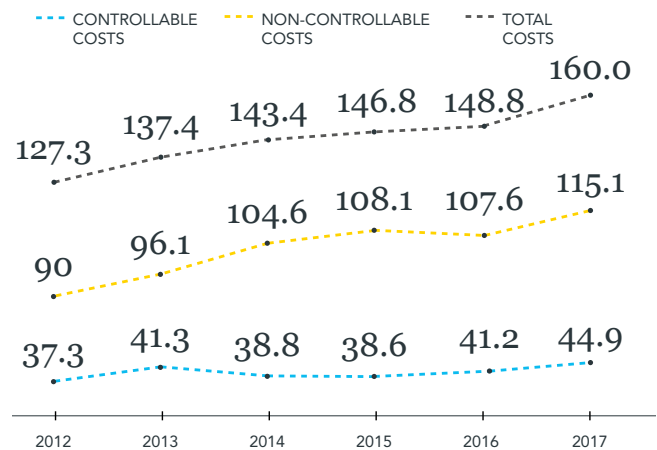
- operational costs (€159,959,000 as against €148,818,000) increased by €11,141,000, i.e. + 7.5% compared to the 2016 financial year. These are made up of controllable costs, which amount to €44,900,000, an increase of €3,724,000 (+9%), and non-controllable costs in the amount of €115,059,000, an increase of €7,460,000 (+6.9%).

It should be noted that under "Tax Shelter", a transfer to the tax-free reserves was made in the amount of €137,000.

Controllable costs include distribution and network management costs, the costs of maintaining the infrastructure as well as the costs for measuring and metering activity. With regard to uncontrollable costs, these include:

- depreciations and retirements of assets (€43,635,000 in 2017), including depreciation of capital gains, up by €2,585,000, (+6.30%);
- the cost of the PSOs (€19,072,000 in 2017), up €1,783,000 (+10.3%).
- the fee for using public highways for gas (€16,118,000 in 2017), down €600,000 (-3.6%);
- taxes (€10,580,000 in 2017), up €3,812,000, which is explained by the favourable adjustment relating to the financial year 2015 recorded in 2016, as well as the large reduction in the rate used for calculating notional interest;
- the financial profit/loss (excluding pensions and PSO) (€20,272,000 in 2017), down €1,741,000 (-7.9%);
- non-capitalised pension costs (€3,351,000 in 2017), down by €1,401,000 (-29.5%), these expenses are constantly reducing with the depreciation expiring in 2027.

TREND OF THE GAS COSTS (IN M€)



The profit for the Others activity amounted to €65,000 as against €57,000 in 2016.

Total profit for 2017 amounted to €31,651,000, as against €31,016,000 in 2016, i.e. an increase of €640,000.

As part of the allocation of profits, a provision to available reserves was made in the amount of €3,815,000, and this was done to comply with the dividend distribution policy put in place at ORES Assets. In addition, a levy on the available reserves in the amount of €6,154,000 was decided in December 2017 by the General Meeting.

2017 dividends returned to shareholders amount to €33,996,000 as against €28,158,000 in 2016 (the public shareholders receive all of the 2017 dividend as against €21,063,000 in 2016).

2.14.2. ITEMS FROM THE BALANCE SHEET AS AT 31 DECEMBER 2017

The balance sheet total for ORES Assets as at 31 December 2017 amounted to €3,976,515 as against €3,899,195 on 31 December 2016.

ASSETS

Intangible fixed assets, up by €19,490,000 (€48,071,000 as at 31 December 2017) are made up of expenses relating to IT projects and development costs. Investments for the 2017 financial year principally concerned the Atrias project.

Tangible fixed assets increased by seven €77,036,000; this increase can be explained as follows:

- investments for the financial year: €219,556,000;
- depreciation for the financial year: € (132,137,000) (this includes "the depreciation" of the RAB capital gains of €20,334,000);
- facilities rendered "out of service": € (10,383,000).

With regard to financial fixed assets, we would indicate that ORES Assets holds the following shareholdings:

- 2,453 shares in ORES scl
- 7 shares in Laborelec
- 2,400 shares in Igretec

Receivables due in more than one year (€2,299,000) increased by €1,790,000 compared to 2016 (receivables held on the communes as part of the plan to replace the HP Hg lamps).

Inventories and orders in progress in the amount of €11,564,000 are made up of work in progress for individuals and communes.

Trade receivables amounted to €156,737,000, an increase of €11,617,000 compared to 31 December 2016. These trade receivables are specifically made up of receivables regarding energy suppliers as part of the invoicing for transit fees, as well as receivables for the protected customer base and under "supplier X".

This increase can be explained as follows:

- Increase in the amount of unpaid receivables: €17,235,000 (€197,210,000 as at 31 December 2017);
- Increase in the amount of write-downs carried out: € 5,618,000 (€40,472,000) as at 31 December 2017).

In 2017, some unpaid receivables were switched into bad debt in the amount of €5,823,000; the write-downs constituted to cover these bad debts have been used.

The "other receivables" heading, which on 31 December 2017 amounted to €6,023,000 specifically includes receivables relating to damage to the network caused by third parties (€2,376,000), VAT to be recovered (1,708,000), as well as the receivables held on JTEK relating to the sale of the building to Strépy (€1,200,000).

Cash assets amount to €9,875,000.

The asset adjustment accounts in the amount of €204,751,000 as at 31 December 2017 specifically include the balance of pension capital remaining to be taken over for an amount of €44,979,000, the fees for using the public highway for gas of €16,118,000, regulated assets for €117,483,000 as well as the RTNR (*redevance transit non relevée* - non-increasing transmission charge) for €18,371,000.

LIABILITIES

Equity as at 31 December 2017 amounted to €1,599,269,000, a reduction of €93,472,000 compared to 31 December 2016.

Share capital as at 31 December 2017 amounted to €712,257,000 and is distributed as follows:

- A shares: €460,801,000;
- R shares: €251,456,000.

The share capital has decreased by €98,804,000 following the redemption of R shares; this reduction being partially compensated by the effect of the capital increase of €21,810,000 which occurred the end of 2017 to finance the investments for the financial year. One part of this capital increase (€6,728,000) was funded by the public shareholders for the conversion of R shares to A shares.

As at 31 December 2017, the shareholder structure is as follows:

Shareholding structure on 31/12/2017	A Shares ORES Assets		R SHARES ORES ASSETS	
	NUMBER	%	NUMBER	%
Shares owned by municipalities	417,543	0.85	149,610	5.95
Shares owned by IGRETEC	4	0.00		
Shares owned by IDEFIN	7,477,448	15.21	509,411	20.26
Shares owned by IPFH	21,406,831	43.56	1,372,277	54.57
Shares owned by FINEST	2,291,284	4.66		
Shares owned by SOFILUX	5,626,810	11.45	251,729	10.01
Shares owned by FINIMO	2,896,556	5.89		
Shares owned by SEDIFIN	7,662,635	15.59	186,950	7.43
Shares owned by IEG	1,369,713	2.79	44,583	1.77
Total	49,148,824	100.00	2,514,560	100.00

A shares include voting rights and the right to dividends, R shares only include the right to dividends

The revaluation of tangible fixed assets, amounting to €542,462,000, represents initial difference between the RAB and the book value of these same fixed assets. This item is reduced by €20,334,000 following the depreciation of the capital gain practised at a rate of 2% for the year.

The reserves have increased by €10,584,000 following the:

- Transfer to the restricted reserves of the depreciation of the revaluation appreciation in the amount of €20,334,000 (from the item Revaluation Appreciation);
- Provision, as part of the allocation of profits/losses, to the available reserves in the amount of €13,866,000;
- Levy on available reserves made in December on the decision of the General Meeting of ORES Assets in the amount of €24,360,000;
- Transfer to tax-free reserves of €744,000 relating to the Tax Shelter.

Provisions for risks and expenses went from €17,105,000 to €25,331,000 in 2017, i.e. an increase of €8,226,000. These are made up of €5,789,000 for environmental provisions and €19,542,000 for provisions for disputes. Among these latter provisions for disputes, provisions for moving installations represents €6,566,000 and the provision for covering the applicable risks associated with the transfer to the new IT systems necessary for the market process and their developments represents €8,101,000. A provision was made in 2017 under the "Atrias" project in the amount of €4,875,000.

Debts falling due in more than one year of €2,010,711,000 are up by €296,985,000. They specifically represent loans from credit institutions (€785,448,000), as well as funds made available to ORES Assets by ORES scl (€1,220,750,000).

Debts payable after one year falling due within the year are made up of the capital from bank loans (€94,732,000) to be repaid in 2018.

Miscellaneous payables as well as invoices yet to be received make up the essential part of trade payables (€122,237,000 as at 31 December 2017): Elia fee, ORES scrl's management fees, purchases of energy relating to electricity losses and PSOs, etc.

Advance payments received on orders (€25,529,000) include intermediate invoicing sent to the protected customer base and under "supplier X" (PSO) as well as advance payments from customers for works to be carried out.

The withholding tax to be paid on the differential in down payment (€2,444,000) as well as tax on profits (€2,459,000) make up the tax debts.

The Other Debts item (€43,074,000) mainly includes the balance of gross dividends for the financial year 2017 to be paid to shareholders after the Ordinary General Meeting in June 2018 (€32,326,000), as well as the balance of the current account with ORES scrl (€7,116,000).

The liability adjustment accounts (€50,729,000) are mainly made up of regulatory balances (€50,099,000).

2.15. COMMENTS ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS IN ORDER TO SET OUT THE COMPANY'S BUSINESS DEVELOPMENT AND SITUATION IN A FAITHFUL MANNER.

2.15.1 ELEMENTS FROM THE CONSOLIDATED PROFIT & LOSS STATEMENT AS AT 31 DECEMBER 2017

Change in the consolidated profit/loss (in thousands of €)	31/12/2017	31/12/2016
Sales and services	1,151,189	1,127,955
Cost of sales and services	- 930,497	- 926,747
Operating profits	220,692	201,208
Financial income	352	456
Financial expenses	- 60,411	- 66,296
Profit for the year before taxes	160,633	135,368
Tax on profit	- 63,049	- 41,924
Consolidated profit for the financial year	97,584	93,444

The Group's turnover amounted to €106,360,000 in 2017 as against €1,087,759,000 in 2016. It principally includes transit fees invoiced to energy suppliers, sales of energy to protected customers, as well as income relating to works on behalf of third parties.

Total other income is €44,829,000 in 2017 as against €40,196,000 in 2016.

The cost of sales and services amounted to €930,497,000 in 2017, i.e. an increase of €3,750,000 compared to 2016. It should be noted in this respect that:

- Miscellaneous services and goods in 2017 amounted to €563,176,000 (down €7,167,000); the Elia fee is the largest element in this cost item, as in 2017 it amounted to €346,462,000.
- Salaries and social charges, for their part, amounted to €161,367,000 in 2017 as against €172,519,000 in 2016.
- Depreciations of tangible and intangible fixed assets as well as depreciation on positive consolidation differences increased by €6,324,000 and amounted to €145,499,000 in 2017.
- With regard to write-downs on our trade receivables: in 2017, write-backs and uses were largely less than allowances. A charge of €5,336,000 has been recorded against an income of €337,000 in 2016. This discrepancy is justified by a coverage of bad debts that is markedly less significant than in 2016 (€5,823,000 as against €10,716,000);
- In 2017, allowances for provisions for risks and expenses had been accounted for as €9,201,000. In 2016, these are overall write-backs or use of provisions which were accounted for as €898,000.

The Group's financial result reflects expenditure of €60,059,000 in 2017 as against €65,840,000 in 2016.

This is mainly interest paid for our bank loans, bond issues and commercial paper.

Taxes, composed mainly of corporation tax, in 2017 amounted to €63,049,000 as against €41,924,000 in 2016. The increase of €21,125,000 as explained mostly by the adjustment relating to the financial year 2015 accounted for in 2016 in the amount of €8,212,000, as well as the large decrease in the rate used for calculating notional interest (0.237% in 2017 as against 1.131% in 2016).

2.15.2. ITEMS FROM THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

The balance sheet total amounted to €4,232,969,000 compared to €4,079,874,000 at the end of 2016.

Consolidated balance sheet (in thousands of €)	31/12/2017	31/12/2016
ASSETS		
Set-up costs	1,914	3,828
Fixed assets	3,604,301	3,503,828
Current assets	626,754	572,218
Total assets	4,232,969	4,079,874
LIABILITIES		
Equity	1,597,537	1,689,193
Third-party interest	2	2
Provisions, deferred taxes and latent tax liability	33,806	24,605
Debts	2,601,624	2,366,074
Total liabilities	4,232,969	4,079,874

ASSETS

Set-up costs were made up of debt issue costs.

Intangible fixed assets in the amount of €59,559,000 as against €37,437,000 in 2016 were made up of expenses relating to IT projects (particularly the Atrias project) and development costs (Smart Grids and Smart Metering).

Tangible fixed assets amounted to €3,536,536,000 in 2017 compared to €3,459,500,000 in 2016, i.e. an increase of €77,036,000. This increase can be explained as follows:

- Investments for the financial year: €219,556,000;
- Depreciation for the financial year: € (132,137,000) (this includes "the depreciation" of the RAB capital gains of €20,334,000);
- Facilities rendered "out of service": € (10,383,000).

Financial fixed assets in the amount of €8,206,000 as opposed to €6,891,000 in 2016 are mainly made up of an advance by ORES srl to Atrias srl of €7,175,000, shares held by ORES srl in the companies Atrias and N-Allo, as well as shares held by ORES Assets in Laborelec and Igretec.

Inventories and orders in progress amounted to €48,768,000 and were made up of goods (€37,204,000) as well as work in progress for individuals and communes (€11,564,000).

Trade receivables amounted to €163,613,000 as against €153,311,000 in 2016 and are particularly made up of receivables regarding energy suppliers as part of the invoicing for transmission fees, as well as receivables for the protected customer base and under "supplier X".

The Other Receivables item (€6,135,000 as against €18,531,000 in 2016) mainly includes VAT to be recovered (€1,090,000) as well as receivables relating to damage to the network caused by third parties (€2,376,000), and miscellaneous receivables (€2,669,000).

Cash investments, for a total amount of €145,016,000 as against €52,321,000 in 2016 were mainly made up of term investments bank accounts for €126,000,000.

Liquid assets (€54,912,000) brings together liquidities held in demand deposits and corporate funds.

The adjustment accounts (€206,010,000 as against €244,826,000 in 2016) include mainly the balance of pension capital remaining to be covered for an amount of €44,979,000, the fees for using the public highway for gas of €16,118,000, regulated assets for €117,483,000 as well as the RTNR (*redevance transit non relevée* - non-increasing transmission charge) for €18,371,000.

LIABILITIES

Subscribed share capital amounted to €795,979,000 as at 31 December 2017, down by €83,722,000 compared to 31 December 2016 and is made up of:

- A shares: €460,801,000;
- R shares: €251,456,000.

The share capital has decreased by €98,804,000 following the redemption of R shares; this reduction being par-

tially compensated by the effect of the capital increase of €21,810,000 which occurred the end of 2017 to finance the investments for the financial year. One part of this capital increase (€6,728,000) was funded by the public shareholders for the conversion of R shares to A shares.

The revaluation of tangible fixed assets, amounting to €542,462,000, represents the initial difference between the RAB and the book value of these same fixed assets in 2001 for the electricity business and in 2002 for the gas business. This item is reduced by €20,334,000 following the depreciation of the capital gain practised at a rate of 2% for the year.

The consolidated reserves increased by €12,371,000, mainly following the:

- Transfer to the restricted reserves of the depreciation of the revaluation appreciation in the amount of €20,334,000 (from the item Revaluation Appreciation);
- Provision, as part of the allocation of profits/losses, to the available reserves in the amount of €13,866,000;
- Levy on available reserves made in December on the decision of the General Meeting of ORES Assets in the amount of €24,360,000;
- Transfer to tax-free reserves of €744,000 relating to the Tax Shelter.

The capital subsidies account (€54,000) represents two subsidies received from the Walloon Region, one under a project for the management of networks open to renewables and the other for a general interest industrial research project relating to smart meters (Smart Users).

Third-party interests represents the proportion of the ORES srl subsidiary transferred in 2013 by ORES Assets to the pure inter-municipal financing companies (full transfer of 7 company shares).

Provisions for risks and expenses increased by €9,201,000 and went from €24,605,000 to €33,806,000 as at 31 December 2017. They are made up of:

- Environmental provisions for €5,789,000;
- Provisions for disputes in the amount of €20,337,000, including:
 - provisions for moving installations (€6,566,000);
 - provision to cover the applicable risks associated with the transition to new IT systems needed for the market process and their developments (€8,101,000).
 - the provision made in 2017 under the "Atrias" project in the amount of €4,875,000;
 - other provisions: €795,000,000;
- Provision as part of the work for vectorisation of the distribution networks for €7,679,000.

Debts falling due in more than one year (€2,010,711,000 as opposed to €1,713,726,000). They are mainly composed of borrowing by ORES Assets from credit institutions (€785,448,000), bonds (€630,000,000), commercial paper and bank borrowings (€440,750,000), as well as a loan from the

EIB (€150,000,000) taken out by ORES sclr.

Debts payable after one year falling due within the year (€94,732,000) are made up of the capital from bank loans to be repaid in 2018.

Short-term financial debts (€145,000,000) are made up only of commercial paper.

Miscellaneous payables as well as invoices yet to be received make up the essential part of trade payables (€159,297,000 as against €146,757,000 in 2016).

Advance payments received on orders (€25,529,000) include intermediate invoicing sent to the protected customer base and under "supplier X" (PSO) as well as advance payments from customers for works to be carried out.

Tax, salary and social security liabilities in the amount of €50,894,000 (as against €55,222,000 in 2016) take in:

- Tax liabilities (€9.302,000): the balance of payroll taxes to be paid, the withholding tax to be relating to the interim dividends for 2017 as well as the tax provision based on the profit/loss of the 2017 financial year;
- Salary and Social Security liabilities (€41,592,000): provisions for salaries, bonuses to be paid and various annual contributions (INAMI, ONSS).

The Other Debts item (€41,256,000), down €19,719,000, mainly includes the balance of dividends to be paid after the Ordinary General Meeting of June 2018 (€32,326,000), as well as debts to third parties and to staff (social funds).

The liabilities adjustment accounts (€74,207,000 as against €75,530,000) are mainly made up of:

- Regulatory balances (€50,099,000);
- An amount of €13,856,000 of financial expenses essentially relating to our private investments and bonds;
- Allowances (€7,438,000) received to cover future annuities.

2.16. ADDITIONAL COMMENTS

2.16.1. REPORT ON RISKS

The following paragraphs describe the measures taken to rectify the known risks and uncertainties facing the ORES entity. Some risks not identified in this list may exist or, while they appear limited currently, gain in importance in the future. It should also be noted that the risks below are not presented in order of importance. Legal, regulatory and operational risks and uncertainties.

2.16.1.1. REGULATORY AND OPERATIONAL RISKS AND UNCERTAINTIES

Risks related to tariff sustainability

ORES' activities are governed by a significant legislative and regulatory framework, two of the main elements of which are the Tariff Decree and the tariff methodology determined on this basis by the regulator, the CWaPE, the competent regulator for electricity and gas distribution activity in the territory

of the communes associated with ORES.

This methodology specifically defines:

- The authorised income which may be passed on to customers through tariffs and which therefore enables ORES's legal and regulatory tasks to be successfully carried out;
- Incentive regulation schemes;
- Determination of tariffs, etc.

The sector's context is undergoing major changes (sustainable development, energy efficiency, self-production, electric vehicles, batteries, etc.) and is giving rise to new needs as well as a modification of grid users' draw-down behaviours, which calls for a change in the regulatory and tariff model.

The tariff decisions made by the CWaPE as part of the approval of the tariffs for the period 2019 to 2023, as well as the changes in tariff parameters based on the tariff methodology, may put such a pressure on ORES's authorised income that:

- the performance of some of ORES's legal and statutory tasks may be undermined;
- the quality of services could be reduced;
- the adaptation necessary for the energy transition and the digitisation of the company could only be achieved partially (specifically certain strategic projects and ORES' transformation).

The tariff model currently proposed is, in effect, unbalanced, in certain respects is inconsistent and is a source of uncertainty.

ORES is continuing its contact with the regulator on the tariff methodology and its implementation, and has introduced, under certain conditions, authorised income proposals with a view to approval of the 2019-2023 tariffs. ORES has communicated its official reactions as part of the dialogue and consultation process for approval of the tariff methodology for 2019-2023, and has lodged an appeal against the final methodology approved by the CWaPE, given the non-compliance with the provisions of the Tariff Decree and general principles of law relating to tariff regulation. In parallel, with the objective of carrying out the energy transition at a lesser cost for network users, it has put in place a cost and operational efficiency optimisation programme, which specifically involves a new organisational model in terms of managing transformation projects.

Furthermore, measures taken by the Walloon regional authorities also may have an impact on ORES. So, the regional policy declaration adopted by the Walloon Government at the beginning of each term of office – one chapter of which is dedicated to energy – defines the outline for the energy policy, including in particular in terms of energy efficiency. Another example: the study requested by the Minister for Energy on standardising tariffs. ORES adopts a proactive attitude in light of the changes that result from this, as well as for all other legal and regulatory modifications that may affect its business. This fits in with its desire to act as a market facilitator, to position itself as the logical, recognised partner and the preferred intermediary for the public authorities in terms of energy policy.

Risks linked to the role and tasks of the distribution system operator, the legitimacy of its structure and local anchorage

The rest consists of a loss or deterioration of ORES' scope in its three core businesses (gas and electricity network operator (DSO); market facilitator; public authority partner). This threat could grow in the years to come and may force ORES to review the level of uncertainty. The areas most at risk are public lighting, energy storage, under-metering and data management. The level could be amplified by a misunderstanding and challenging of the Group's legal structure and corporate governance rules.

This risk is affected by various factors. Third parties are positioned as competitors in these businesses and may cause deregulation. Other factors are caused by technological developments, media pressure by some political indecision, including the legislative and future regulatory context.

In order to clarify its structures, ORES adopted the necessary amendments to its memorandum and articles of association in June 2017. ORES has adapted its organisation and its processes to prioritise close relationships with local public authorities, in order to strengthen the uptake of local requests as well as to share and support the issues related to its activities and communal realities.

ORES is also emphasising its organisational model and its skills through its major projects, while raising awareness with various bodies and key players and by favouring short decision-making processes.

ORES is thus taking into account the rapid development in the number of decentralised electricity production facilities, as well as the development of new technologies which contribute to protecting the environment. The roles of the various players in the market are being disputed and new roles are appearing. Electricity storage, flexibility, the use of the telecom networks, the remote management of the networks and new electrical applications are developing; new materials and technologies are appearing for public lighting; customers are playing a more active role in the management of their energy, but sometimes being consumers and sometimes producers. ORES is very attentive to this change and, in this context, wishes to reaffirm its role as market facilitator which it is acknowledged that it has held as DSO since the start of the liberalisation of the markets.

A detailed set of rules and internal procedures relating to the governance of the company has been put in place in order to ensure the proper functioning of the organs of the company, in particular in terms of management and auditing.

Risks related to the transformation of the company, to the management of projects and the application portfolio

In order to meet the company's three challenges (energy transition, customer focus and corporate culture), as well as sustaining its three businesses (cf. above) in a changing and ever more "competitive" context, ORES has chosen to transform and to update its action plan. Emphasis has been placed on the implementation of a new organisational model, the follow-up to the IT diagnostics, adaptation of the IT landscape as well as the application portfolio and related processes, and making project management more professional, with an important priority also given to the "Atrias" project.

The company is also continuing with its actions in terms of corporate culture and the provision of the necessary skills.

Within a framework where financial resources are limited, ORES has now initiated discussions on the strategy within the company, its project portfolio and their scheduling. The company is identifying the most suitable application tools which will allow it to carry out its businesses, manage the networks, process the information and make it available within the context of the development of Big Data, technologies and IT needs within a world that is ever "smarter" and more digitised. It shall also ensure that it has the ability to react appropriately in the event of an intrusion or security risk for its information systems: ORES is mindful of respecting the protection of personal data, the alteration or loss of databases, a failure of IT systems or applications, the spreading of viruses, hacking or failure of the telecommunications network.

Within this change, ORES takes account of other criteria such as the intermittent and random nature of decentralised electricity production units which reveal some uncertainties as to the specific elements to which tomorrow's distribution networks will have to respond.

Risks related to operational efficiency and customer satisfaction

ORES operates its electricity and natural gas distribution networks with one aim: to ensure their reliability and the continuity of supply of energy to customers, while respecting the objectives, deadlines and budgets defined, as well as standing up to comparison with other operators.

ORES, its businesses and its assets are subject to European, national and regional regulations relating to environmental and town planning matters, specifically dealing with soil pollution, electrical facility safety equipment, information, the coordination and organisation of work sites and waste management. These provisions are often complex and subject to changes – potentially resulting in a stricter framework. Compliance with them can therefore impose significant additional costs for ORES, or even mean that current projects are deferred. Provisions have been made to cope with any potential additional costs. Natural phenomena – storms, floods, snowfalls combined with hard frosts, etc. – as well as damage caused by third parties – road accidents, hazardous earthworks, vandalism – can lead to incidents and damage on the distribution networks. These events are covered by third-party insurance policies, or by ORES's insurance policies. In some cases, ORES is its own insurer.

The risks of legal action is inherent to ORES' activities. Adequate provisions have been or will be drawn up to cover this risk.

Finally, the company is mindful as to the quality of the services rendered and ensures that it develops a positive image. It is simplifying its processes and optimising the relationship with the customer, in order to meet their needs and to satisfy them in terms of timeframes and quality, in compliance with the defined rules (tariff, ethics, etc.). Customers' requirements are changing and focus on immediacy, digitisation, and price acceptability. In order to meet these, ORES is improving the availability of its teams, changing its corporate culture and implementing means which enable digital interaction. Additionally, it is modernising and optimising its networks and its tools.

Risks related to skills and behaviours as well as safety and well-being matters

ORES puts human beings at their heart of its activities. The company seeks to attract, develop and retain talent, while identifying new businesses and transforming existing businesses. Various actions take place in terms of recruitment, training, optimising organisation and assessing performance. Cultural change, cost control, the establishment of a working environment which promotes creativity, a management which is trusted and close-at-hand, interaction and well-being are also priorities.

Whatever their activity within the company, ORES considers that it is crucial that its members of staff constantly keep in mind the imperatives of preventing and observing health and safety requirements in order to limit the risks of accidents and incidents in the workplace. With this in mind, the company is implementing an overall 5-year action plan, which incorporates a multi-annual awareness-raising programme – entitled "Shared Vigilance" – as well as an annual action plan.

2.16.1.2. FINANCIAL RISKS

Credit risks

ORES is pursuing a financing policy which calls on varied sources in the capital markets. Since 2012, the financing of the Group has been carried out by ORES scrl, with a guarantee from ORES Assets scrl.

Sources of finance specifically consist of:

- A commercial paper programme of an indefinite duration up to a maximum of €550 million;
- Amounts gathered via bonds and private investments (in 2002, 2014 and 2015);
- The issuing of bank loans;
- Significant finance raised from the European Investment Bank (€300 million in 2017 and €250 million in 2018);
- Two lines of short-term credit for an overall amount of €100 million; available at the end of March 2018.

Interest rate risks

Any change in interest rates has an impact on the amount of financial expenses. To reduce this risk as far as possible, ORES applies a financing and debt management policy which aims to reach an optimum balance between fixed and variable interest rates. Furthermore, hedging instruments are used to protect against uncertainties. The financing policy also takes account of debt maturity. With a view to controlling interest rate risk, ORES uses derivatives, such as swaps (short-term rates to long-term rates), interest rate caps as well as collars (combination of the purchase of a cap and the sale of a floor). Debt management and market data are closely monitored. No derivative is used for the purposes of speculation.

Tax risk

ORES Assets scrl and ORES scrl are subject to corporation tax. Currently, the tariff methodology provides that any fiscal charges are currently incorporated into tariffs and as a result, the impact of the change in tax legislation is therefore limited for the ORES group.

Assets and liabilities and liquidity risks

Within the context of managing these risks and billing of fees to use the networks, ORES has financial guarantees from all of the energy suppliers active on the network. These financial guarantees are defined by the contract granting access to the network and our reviewable annually. The company strengthening civic actions for the recovery of debts relating to works carried out as part of the operation of the networks, through the awarding of public contracts to recovery companies.

ORES has short-term financing capacity thanks to its programme of commercial papers and credit lines as outlined above; this means that the liquidity risk is virtually non-existent. Cash flow management means that risks associated with the market, the way assets and liabilities are structured and liquidity are limited. The management bodies have established a prudent investment management policy, based on diversification as well as the use of products with limited risks – in terms of credit and rates. ORES is aware of the issue of negative interest rates when it comes to managing its cash flow. Finally, it is worth pointing out that the tariff system stipulates that all the costs associated with the financing policy are covered by the regulatory budget (methodology 2017 and 2018).

Macro-economic and financial climate risks

The current economic climate may have repercussions on the demand for electricity and natural gas, or on ORES' financing conditions, or even on the profit due to be distributed to associates. These risks and their impact are not normally borne by the Group. The tariff system allows for them to be considered within the context of regulatory balances being approved and allocated, in theory, to the tariffs for the next regulatory period.

2.16.2. DATA ON SIGNIFICANT POST-CLOSING EVENTS

The approval by the shareholders of the transaction relating to the transfer of the four Brabant communes of Chastre, Incourt, Perwez and Villers-la-Ville from PBE/Infrac to ORES Assets for the operation of the electricity distribution networks entails that, as of 1 January 2018, the inhabitants of the aforementioned communes will benefit from the distribution tariff already applied by ORES Assets in 22 other communes in the Walloon Brabant province, which will be reflected in practical terms by a reduction of approximately 22% on the "distribution" part of their bill. Overall, this will correspond to an average saving of 7% on their electricity bills.

Two unused lines of credit of €50 million each renewed at the end of 2017 and expiring on 31/03/2018 have been replaced, in view of the level of cash planned for 2018, by a line of credit of €50 million under more favourable conditions.

2.16.3. INFORMATION ON CIRCUMSTANCES LIKELY TO HAVE A SIGNIFICANT INFLUENCE ON THE COMPANY'S DEVELOPMENT

«None»

2.16.4. INFORMATION RELATING TO RESEARCH AND DEVELOPMENT ACTIVITIES

Technical development in terms of network management, smart metering and other developments show that significant development costs are generated and that it is highly proba-

ble that they will be spread over longer periods of time than previously. With this in mind, ORES scrl has taken the option to activate staff expenditure relating to researchers, technicians and other support personnel, insofar as they are allocated to a "development" project.

2.16.5. INFORMATION RELATING TO THE EXISTENCE OF BRANCHES OF THE COMPANY

« None »

2.16.6. THE BALANCE SHEET DOES NOT SHOW ANY LOSS CARRIED FORWARD OR THE PROFIT AND LOSS STATEMENT DOES NOT SHOW A LOSS FOR THE FINANCIAL YEAR OVER TWO SUCCESSIVE FINANCIAL YEARS.

« None »

2.16.7. ALL THE INFORMATION WHICH MUST BE INSERTED HERE BY VIRTUE OF THIS CODE

« None »

2.16.8. THE USE OF FINANCIAL INSTRUMENTS BY THE COMPANY

ORES Assets has a current account with the operating company in the event that funds are needed. ORES Assets has concluded its bank loans with large Belgian financial organizations to comply with the procedures for public procurement contracts for services. ORES scrl has a commercial paper programme of €550 million with an indefinite duration. Since 2012, ORES scrl was given the responsibility by ORES Assets of finding the financing necessary for its activity. In 2017, ORES took out new bank loans in the amount of €410 million, of which €150 million was drawn on a financing programme obtained in 2017 from the EIB. It should furthermore be noted that two lines of short-term credit were taken out by ORES scrl for a total amount of €100 million. These lines have been extended at the end of 2017 for a period of three months with the idea of reviewing the situation in 2018. ORES must in the future pursue a financing policy which calls on varied sources in capital markets. A change in interest rates has an impact on the amount of financial expenses. To reduce this risk as far as possible, ORES scrl and ORES Assets apply a financing and debt management policy which aims to reach an optimum balance between fixed and variable interest rates. Furthermore, hedging instruments are used to cover uncertain developments. The financing policy takes account of the difference in the lifetime of borrowings and the lifetime of assets. These three points (interest rates, borrowing terms and use of hedging derivatives) have been the subject of decisions made in the competent bodies of ORES Assets/ the 8 DSOs before the merger and of ORES scrl, which has enabled a financial policy to be determined that is necessary for active management of the debt. This financial policy was adapted to market circumstances in 2017. With a view to controlling interest rate risk, ORES scrl and ORES Assets use derivatives, such as interest rate swaps (short-term rates to long-term rates), interest rate caps as well as collars (com-

ination of the purchase of a cap and the sale of a floor). Debt management and market data are closely monitored. No derivative is used for the purposes of speculation.

2.16.9. JUSTIFICATION OF INDEPENDENCE AND COMPETENCE IN TERMS OF ACCOUNTING AND AUDIT OF THE AUDIT COMMITTEE

For the period from one January up to 22 June 2017, Luc Rigaux, in his capacity as auditor at the Court of Auditors, had the required independence and skills. As part of the installation of the new Audit Committee at the end of the General Meeting on 22 June 2017, Stéphane Lasseaux was appointed Chairman of this Committee and the individual justifying the required independence and skill. In effect, on the one hand, he meets the criteria of article 526ter of the *Code des sociétés* [company code] and on the other hand, he has the required accounting, audit and financial experience required within the meaning of the law of 7 December 2016. These two elements were confirmed by certification.

2.16.10. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL AUDITS AND COMPANY RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS FOR DRAWING UP THE CONSOLIDATED ACCOUNTS ONCE A COMPANY LISTED ON A MARKET STIPULATED IN ARTICLE 4 APPEARS WITHIN THE CONSOLIDATION SCOPE.

The reference framework for internal audit and risk management implemented by ORES' Board of Directors takes its inspiration from the IPMS (Integrated Performance Management System) methodology. In addition, ORES is ISO 9001-2015 certified for all of its activities.

This framework consists of five basic components. The use and incorporation of these concepts in its processes and activities enables ORES to control its objectives and its risks, to keep its activities under control, to have suitable support resources, to improve the efficiency of its operations through an ad hoc results assessment system and through optimum allocation of roles and responsibilities.

2.16.10.1 MANAGING RISKS

A key process

The management of risks is an important process to help ORES in achieving its strategic objectives as defined in its mission and documented in the Strategic Plan. This process allows an inventory of risks to be drawn up and for these to be better controlled.

The Executive Board, assisted by the management along with the Risk Manager, jointly identify, analyse and evaluate the main risks according to their nature and their potential impact. Based on this assessment, the actions in place are reviewed and the Executive Board decides on the preventative and/or corrective actions to be implemented, thus strengthening, where appropriate, existing internal checks.

Breakdown of objectives within ORES

The objectives defined at ORES' level are broken down by department. They are assessed on an annual basis, so as to ensure they are achieved. ORES' management takes on responsibility in the establishment of an effective internal audit guaranteeing, among others, the achievement of objectives.

2.16.10.2. AUDIT ENVIRONMENT

Organisation of the internal audit

In accordance with ORES' memorandum and articles of association, the Board of Directors has set up various committees which assist it in the exercising of its responsibilities: the Executive Committee, the Audit Committee, the Executive Bureau, and the Appointments and Remunerations Committee. It has delegated the Audit Committee to check (i) the financial reporting process, (ii) the effectiveness of the company risk management internal audit systems, (iii) the internal audit and its effectiveness, (iv) the statutory audit of the annual and consolidated financial statements, including the follow-up to any question and recommendation of the external auditors, and (v) the independence of the external auditors. For more information, refer to the Corporate Governance Charter and the Memorandum and Articles of Association.

The Audit Committee meets at least three times per year in order to discuss these various points.

ORES has implemented audit activities at various levels of its structure in order to ensure compliance with the standards and internal procedures aimed at reaching objectives, properly managing the risks identified, and limiting the risk of errors and fraud. This specifically includes separation of tasks in the process, preventing the same person from initiating, authorising and recording a transaction; policies for the access to IT systems and delegations of powers have also been defined; regular checks are carried out by the management and by the Security Officer

The Finances & Controlling Department supports the Board of Directors in the timely provision of the correct reliable financial information necessary for decision-making for the monitoring of management activities and for the effective management of the company's financial services. The external financial reporting to which ORES is subject includes (i) financial and statutory tax reports, (ii) consolidated financial reports, and (iii) the specific reporting obligations imposed by the regulatory framework.

Some audit functions have been created within the largest departments. These particularly concern budget monitoring. The results are reported to the Executive Board.

Integrity and Ethics

ORES' integrity and ethics are essential in its internal audit environment. The Executive Board and the management communicate on these principles.

ORES' ethical code of conduct defines the implementation of the ethics rules through its values and the way in which they are experienced and respected. Ethics in the company is based on ORES' five values: sense of responsibility, sense of service, professionalism, daring, respect and friendliness,

to which should be added a spirit of impartiality and independence with regard to other players on the market, which determine the natural monopoly position. The implementation of values takes place in compliance with the laws and decrees, as well as regulations and procedures internal to the company.

The Management ensures that employees comply with the values and internal procedures and, where appropriate, takes any actions which are necessary, described in the company's working regulations.

Due to its legal status as electricity and gas distribution system operator, ORES complies with a significant number of statutory and regulatory rules which define various fundamental principles, such as confidentiality, transparency and non-discrimination.

2.16.10.3. ROLES AND RESPONSIBILITIES

ORES' internal audit system is based on the roles and responsibilities which are defined within the various committees in place within ORES. They are identified in the legal framework which applies to ORES, in the Memorandum and Articles of Association and in the Charge of Corporate Governance.

The management system directive and the documentation relating to the processes and projects supplement this framework. ORES furthermore clarifies the roles and responsibilities of all its employees through a description of each post.

ORES give practical expression to the crucial importance of the skills and expertise of its employees to ensure that its activities are carried out in a reliable and effective manner in its processes, including recruitment and training. The Human Resources Department has defined the policies and described the posts in order to identify roles and responsibilities, as well as the qualifications required for these to be carried out.

ORES has drawn up a skills management policy and encourages training so as to enable all its employees to carry out the tasks allocated to them in an effective manner.

2.16.10.4. INFORMATION AND COMMUNICATION

Among the significant supports resources to have effective internal audit procedures and proper risk control, ORES communicates the relevant information to its employees in order to enable them to carry out their responsibilities and reach their objectives. Financial information is required for budgeting, forecasting and the verification of compliance with the regulatory framework. Operational information is also essential to the drawing up of the various reports crucial for the proper functioning of the company. ORES therefore records the recent and historical information needed to evaluate corporate risks.

Multiple communication channels are used: manuals, notes, emails, information on notice boards and intranet applications. The information systems put in place structure the information coming from various sources.

The financial results are subject to internal reporting and are validated at different levels. They are subject to reporting to the Executive Board and are discussed semi-annually with the Audit Committee. The Chairman of the Audit Committee then provides an opinion to the Board of Directors.

2.16.10.5. EVALUATION OF RESULTS

Monitoring

Monitoring procedures are a combination of the monitoring activities carried out in the normal course of business and specific ad hoc evaluations on selected themes. ORES also determines Key Performance Indicators (KPI). The company's main KPI are related to the objectives of the company and are included in the Balanced Score Card.

Monitoring activities include (i) reporting of strategic indicators to the Executive Board and relevant indicators to the Board of Directors, (ii) follow-up on key operational indicators at departmental level, and (iii) monthly financial reporting including the examination of variations compared to the budget, comparisons with previous periods and events likely to affect cost control.

Feedback from third parties is also taken into account based on various sources, such as (i) the reports of the regional regulator on compliance with the legal and regulatory framework, and (ii) safety and insurance company reports.

The exchange of communications from external sources and information and information generated internally and the analyses which follow allow ORES to continually improve.

Audits

The internal audit also plays a key role in monitoring by performing independent reviews of key business processes with regard to the regulations applicable to ORES. As a service provider at all management levels, the internal audit is based on a systematic and disciplined approach to assess and improve the effectiveness of risk management, and the control of processes. An annual audit plan, validated by the Audit Committee, is drawn up. By involving the board and the management in the planning of processes in the audit, the emphasis may be on the achievement of objectives and control of risks. The results of the internal audits are subject to reporting to the Executive Board, as well as the Audit Committee in order to assist the latter in its task of checking the effectiveness of the internal audit and risk management systems and the company's financial reporting processes.

ORES is, furthermore, subject to external audit. This audit generally includes the assessment of the internal audit and is expressed on the statutory and consolidated financial results (annual and half-yearly). The external auditors make recommendations for improving the internal audit systems. These recommendations, the action plans and their implementation are subject to annual reporting to the Audit Committee. The Audit Committee reports to the Board of Directors as to the independence of the Auditor or the statutory audit firm and prepares a draft resolution for the appointment of the external auditors.



III. Annual 2017 Financial Statements

BALANCE SHEET AFTER DISTRIBUTION

(values in €)

	App.	Codes	Financial Year	Previous Financial Year
ASSETS				
SET-UP COSTS	6.1	20	1,914,230.20	3,828,460.40
FIXED ASSETS		21/28	1,242,026,070.28	829,854,113.37
Intangible Assets	6.2	21	13,273,413.57	12,425,597.91
Tangible Assets	6.3	22/27		
Land and buildings		22		
Facilities, machinery and tooling		23		
Furniture and vehicles		24		
Finance leases and similar entitlements		25		
Other tangible assets		26		
Fixed assets under construction and advances paid		27		
Financial Fixed Assets	6.4/6.5.1	28	1,228,752,656.71	817,428,515.46
Affiliates	6.15	280/1	1,220,750,000.00	810,750,000.00
Securities holdings		280		
Accounts receivable		281	1,220,750,000.00	810,750,000.00
Other companies with which there is a shareholding connection	6.15	282/3	8,002,356.71	6,215,624.96
Securities holdings		282	827,316.26	827,316.26
Accounts receivable		283	7,175,040.45	5,388,308.70
Other financial assets		284/8	300.00	462,890.50
Stocks and shares		284		
Cash receivables and guarantees		285/8	300.00	462,890.50
CURRENT ASSETS		29/58	280,382,563.25	321,760,227.21
Receivables more than one year old		29		
Trade receivables		290		
Other receivables		291		
Inventory and orders in progress		3	37,203,992.33	33,569,304.55
Inventory		30/36	37,203,992.33	33,569,304.55
Supplies		30/31	37,203,992.33	33,569,304.55
Work in progress		32		
Finished products		33		
Goods		34		
Buildings intended for sale		35		
Payments on account		36		
Orders in progress		37		
Receivables due within one year		40/41	51,865,708.41	174,462,198.86
Trade receivables		40	44,637,782.16	31,536,558.18
Other receivables		41	7,227,926.25	142,925,640.68
Cash investments	6.5.1/6.6	50/53	145,016,077.46	52,320,743.34
Treasury shares		50		
Other investments		51/53	145,016,077.46	52,320,743.34
Cash assets		54/58	45,036,895.68	59,840,221.45
Accruals and deferrals	6.6	490/1	1,259,889.37	1,567,759.01
TOTAL ASSETS		20/58	1,524,322,863.73	1,155,442,800.98

(values in €)

	App.	Codes	Financial Year	Previous Financial Year
LIABILITIES				
EQUITY		10/15	511,083.43	480,752.97
Capital	6.7.1	10	457,560.00	457,560.00
Subscribed capital		100	457,560.00	457,560.00
Non-called-up capital		101		
Issue Premiums		11		
Upward value adjustments		12		
Reserves		13		
Legal reserve		130		
Unavailable reserves		131		
For treasury shares		1310		
Other		1311		
Tax-free reserves		132		
Available reserves		133		
Profit (loss) carried forward	(+)/(-)	14		0.00
Capital grants		15	53,523.43	23,192.97
Advanced to shareholders on distribution of net assets		19		
PROVISIONS AND DEFERRED TAXES		16	8,474,339.69	7,500,000.00
Provisions for risks and expenses		160/5	8,474,339.69	7,500,000.00
Pensions and similar obligations		160		
Tax expenses		161		
Major repairs and maintenance		162		
Other risks and charges	6.8	164/5	8,474,339.69	7,500,000.00
Deferred taxes		168		
DEBTS		17/49	1,515,337,440.61	1,147,462,048.01
Debts more than one year old	6.9	17	1,220,750,000.00	810,750,000.00
Financial debt		170/4	1,220,750,000.00	810,750,000.00
Subordinated loans		170		
Unsubordinated bond issues		171		630,000,000.00
Lease finance debt and similar liabilities		172		
Credit Institutions		173	460,000,000.00	180,750,000.00
Other borrowing		174	760,750,000.00	
Trade Debts		175		
Suppliers		1750		
Notes payable		1751		
Prepayments received on orders		176		
Other debts		178/9		
Debts payable within one year		42/48	271,109,502.59	317,316,969.69
Debts payable within one year falling due within the year	6.9	42	0.00	59,000,000.00
Financial debt		43	145,000,000.00	130,000,000.00
Credit Institutions		430/8		130,000,000.00
Other borrowing		439	145,000,000.00	
Trade Debts		44	74,821,563.09	62,621,426.90
Suppliers		440/4	74,821,563.09	62,621,426.90
Notes payable		441		
Prepayments received on orders		46		
Tax, salary and social security liabilities	6.9	45	45,990,461.24	49,840,599.77
Taxes		450/3	4,399,131.47	5,221,564.17
Salaries and Social Security expenses		454/9	41,591,329.77	44,619,035.60
Other debts		47/48	5,297,478.26	15,854,943.02
Accruals and deferrals	6.9	492/3	23,477,938.02	19,395,078.32
TOTAL LIABILITIES		10/49	1,524,322,863.73	1,155,442,800.98

PROFIT AND LOSS STATEMENT

(values in €)

	App.	Codes	Financial Year	Previous Financial Year
Sales and services		70/76A	588,381,488.23	578,332,763.17
Revenue	6.10	70	570,654,889.99	564,290,987.73
Manufacturing work-in-progress, finished products and orders in progress : increase (reduction) (+)/(-)		71		
Self-constructed assets		72	4,852,241.23	6,163,560.80
Other income from operations	6.10	74	12,874,357.01	7,878,214.64
Non-recurrent operating income	6.12	76A		
Cost of goods and services sold		60/66A	582,847,748.49	574,350,615.60
Raw materials and goods		60	65,899,893.09	64,696,523.75
Purchases		600/8	69,534,580.87	69,023,435.20
Stocks : reduction (increase) (+)/(-)		609	-3,634,687.78	-4,326,911.45
Miscellaneous goods and services		61	267,688,257.27	255,329,574.90
Salaries, social security expenses and pensions (+)/(-)	6.10	62	243,725,884.81	251,040,713.23
Depreciation and write-downs of set-up costs, in intangible and tangible assets		630	4,109,200.17	3,066,890.54
Write-downs of inventory, in orders in progress and in trade receivables: increases (decreases) (+)/(-)	6.10	631/4		
Provisions for risks and expenses: increases (used and withdrawn) (+)/(-)	6.10	635/8	974,339.69	
Other operating expenses	6.10	640/8	450,173.46	216,913.18
Operating expenses carried to assets as restructuring costs (-)		649		
Non-recurrent operating expenses	6.12	66A		
Operating profit (loss) (+)/(-)		9901	5,533,739.74	3,982,147.57
Financial income		75/76B	32,516,776.57	30,847,414.08
Recurrent financial income		75	32,516,776.57	30,771,770.38
Income from financial investments		750		
Income from current assets		751	32,475,266.94	30,648,456.23
Other financial income	6.11	752/9	41,509.63	123,314.15
Non-recurrent financial income	6.12	76B	0.00	75,643.70
Financial expenses		65/66B	32,516,776.57	30,847,414.08
Recurrent financial expenses	6.11	65	32,516,776.57	30,847,414.08
Debt charges		650	32,147,197.29	30,681,906.84
Write-downs of current assets other than inventory, orders in progress and trade receivables: increases (decreases) (+)/(-)		651		
Other financial expenses		652/9	369,579.28	165,507.24
Non-recurrent financial expenses	6.12	66B		
Profit (Loss) from the financial year before taxes (+)/(-)		9903	5,533,739.74	3,982,147.57
Deductions on deferred taxes		780		
Transfer to deferred taxes		680		
Taxes on profit/loss (+)/(-)	6.13	67/77	5,533,739.74	3,982,147.57
Taxes		670/3	5,549,827.57	3,996,150.30
Tax adjustments and reversals of fiscal provisions		77	16,087.83	14,002.73

(values in €)

		App.	Codes	Financial Year	Previous Financial Year
Profit (Loss) from the financial year	(+)/(-)		9904	0.00	0.00
Deductions from tax-free reserves			789		
Transfer to tax-free reserves			689		
Profit (Loss) from the financial year to be allocated	(+)/(-)		9905		

ALLOCATIONS AND DEDUCTIONS

		Codes	Financial Year	Previous Financial Year
Profit (Loss) to be allocated	(+)/(-)	9906		
Profit (Loss) for the financial year to be allocated	(+)/(-)	9905		
Profit (Loss) carried forward from the previous financial year	(+)/(-)	14P	0.00	0.00
Transfers from capital and reserves		791/2		
on share capital and issue premiums		791		
on reserves		792		
Allocations to capital and reserves		691/2		
on the share capital and issue premiums		691		
to the statutory reserve		6920		
to other reserves		6921		
Profit (Loss) to be carried forward	(+)/(-)	14		0.00
Shareholders' share in loss		794		
Profit to be distributed		694/7		
Return on capital		694		
Directors or managers		695		
Employees		696		
Other beneficiaries		697		

APPENDICES

STATEMENT OF SET-UP COSTS

(values in €)

	Codes	Financial Year	Previous Financial Year
Net book value at the end of the financial year	20P	XXXXXXXXXX	3,828,460.40
Movements during the financial year			
New costs incurred	8002		
Depreciation	8003	1,914,230.20	
Other (+)/(-)	8004		
Net book value at the end of the financial year	20	1,914,230.20	
Including			
Capital formation and increase costs, loan issue expenses and other set-up costs	200/2	1,914,230.20	
Restructuring costs	204		

STATEMENT OF INTANGIBLE FIXED ASSETS

(values in €)

	Codes	Financial Year	Previous Financial Year
RESEARCH AND DEVELOPMENT COSTS			
Acquisition value at the end of the financial year	8051P	XXXXXXXXXX	19,012,124.18
Movements during the financial year			
Acquisitions, including capitalised production	8021	4,957,015.83	
Asset disposals and retirements	8031		
Transfers between items (+)/(-)	8041		
Acquisition value at the end of the financial year	8051	23,969,140.01	
Depreciation and downward value adjustments at the end of the financial year	8121P	XXXXXXXXXX	6,586,526.27
Movements during the financial year			
Recorded	8071	4,109,200.17	
Traded in	8081		
Acquired from third parties	8091		
Cancelled as a result of asset disposals and retirements	8101		
Transferred between items (+)/(-)	8111		
Depreciation and downward value adjustments at the end of the financial year	8121	10,695,726.44	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	81311	13,273,413.57	

STATEMENT OF FINANCIAL ASSETS

		(values in €)	
	Codes	Financial Year	Previous Financial Year
AFFILIATED COMPANIES - SHAREHOLDINGS, STOCKS AND SHARES			
Acquisition value at the end of the financial year	8391P	XXXXXXXXXX	
Movements during the financial year			
Acquisitions	8361		
Sales and disposals	8371		
Transfers between items (+)/(-)	8381		
Acquisition value at the end of the financial year	8391		
Capital gains at the end of the financial year	8451P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8411		
Acquired from third parties	8421		
Cancelled	8431		
Transferred between items (+)/(-)	8441		
Capital gains at the end of the financial year	8451		
Downward value adjustments at the end of the financial year	8521P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8471		
Trade-ins	8481		
Acquired from third parties	8491		
Cancelled as a result of asset sales and disposals	8501		
Transferred between items (+)/(-)	8511		
Downward value adjustments at the end of the financial year	8521		
Uncalled amounts at the end of the financial year	8551P	XXXXXXXXXX	
Movements during the financial year (+)/(-)	8541		
Uncalled amounts at the end of the financial year	8551		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	280		
AFFILIATED COMPANIES - RECEIVABLES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	281P	XXXXXXXXXX	810,750,000.00
Movements during the financial year			
Additions	8581	410,000,000.00	
Reimbursements	8591		
Recorded write-downs	8601		
Reversed write-downs	8611		
Exchange differences (+)/(-)	8621		
Other (+)/(-)	8631		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	281	1,220,750,000.00	
CUMULATIVE WRITE-DOWNS ON RECEIVABLES AT THE END OF THE FINANCIAL YEAR	8651		

STATEMENT OF FINANCIAL ASSETS

(values in €)

	Codes	Financial Year	Previous Financial Year
RELATED BUSINESSES - SHAREHOLDINGS, STOCKS AND SHARES			
Acquisition value at the end of the financial year	8392P	XXXXXXXXXX	827,316.26
Movements during the financial year			
Acquisitions	8362		
Sales and disposals	8372	0.00	
Transfers between items (+)/(-)	8382		
Acquisition value at the end of the financial year	8392	827,316.26	
Capital gains at the end of the financial year	8452P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8412		
Acquired from third parties	8422		
Cancelled	8432		
Transferred between items (+)/(-)	8442		
Capital gains at the end of the financial year	8452		
Downward value adjustments at the end of the financial year	8522P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8472		
Trade-ins	8482		
Acquired from third parties	8492		
Cancelled as a result of asset sales and disposals	8502		
Transferred between items (+)/(-)	8512		
Downward value adjustments at the end of the financial year	8522		
Uncalled amounts at the end of the financial year	8552P	XXXXXXXXXX	
Movements during the financial year (+)/(-)	8542		
Uncalled amounts at the end of the financial year	8552		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	282	827,316.26	
RELATED BUSINESSES - RECEIVABLES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	283P	XXXXXXXXXX	5,388,308.70
Movements during the financial year			
Additions	8582	1,786,731.75	
Reimbursements	8592		
Recorded write-downs	8602		
Reversed write-downs	8612		
Exchange differences (+)/(-)	8622		
Other (+)/(-)	8632		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	283	7,175,040.45	
CUMULATIVE WRITE-DOWNS ON RECEIVABLES AT THE END OF THE FINANCIAL YEAR	8652		

(values in €)

	Codes	Financial Year	Previous Financial Year
RELATED BUSINESSES - SHAREHOLDINGS, STOCKS AND SHARES			
Acquisition value at the end of the financial year	8393P	XXXXXXXXXX	
Movements during the financial year			
Acquisitions	8363		
Sales and disposals	8373		
Transfers between items (+)/(-)	8383		
Acquisition value at the end of the financial year	8393		
Capital gains at the end of the financial year	8453P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8413		
Acquired from third parties	8423		
Cancelled	8433		
Transferred between items (+)/(-)	8443		
Capital gains at the end of the financial year	8453		
Downward value adjustments at the end of the financial year	8523P	XXXXXXXXXX	
Movements during the financial year			
Recorded	8473		
Trade-ins	8483		
Acquired from third parties	8493		
Cancelled as a result of asset sales and disposals	8503		
Transferred between items (+)/(-)	8513		
Downward value adjustments at the end of the financial year	8523		
Uncalled amounts at the end of the financial year	8553P	XXXXXXXXXX	
Movements during the financial year (+)/(-)	8543		
Uncalled amounts at the end of the financial year	8553		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	284		
OTHER COMPANIES - RECEIVABLES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	285/8P	XXXXXXXXXX	462,890.50
Movements during the financial year			
Additions	8583	0.00	
Reimbursements	8593	462,590.50	
Recorded write-downs	8603		
Reversed write-downs	8613		
Exchange differences (+)/(-)	8623		
Other (+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	285/8	300.00	
CUMULATIVE WRITE-DOWNS ON RECEIVABLES AT THE END OF THE FINANCIAL YEAR	8653		

INFORMATION RELATING TO SHAREHOLDINGS

SHAREHOLDINGS, SHARES AND ASSOCIATED RIGHTS HELD IN OTHER COMPANIES

Information is listed below on the companies in which the company has a shareholding (included under headings 280 and 282 of assets) as well as other businesses in which the company holds shares and associated rights (included under headings 284 subscribed and 51/53 of assets) representing at least 10% of the subscribed capital.

NAME, full address of the REGISTERED OFFICE and for companies regulated by Belgian law, indication of the COMPANY NUMBER	SHARES AND ASSOCIATED RIGHTS HELD			DATA EXTRACTED FROM THE LAST AVAILABLE ANNUAL FINANCIAL STATEMENTS				
	NATURE	DIRECTLY		BY SUBSIDIARIES	ANNUAL FINANCIAL STATEMENTS MADE UP TO	CURRENCY CODE	EQUITY	NET PROFIT/LOSS
		NUMBER	%				%	(+) OR (-)
N-ALLO BE 0466.200.311 Limited liability cooperative company Arianelaan 7, 1200 Woluwe-Saint-Lambert BELGIUM	Ordinary	4,077	13.88		31-12-2016	EUR	4,740,905.00	1,806,774.00
ATRIAS SCRL BE 0836.258.873 Galerie Ravenstein 4/2 1000 Brussels BELGIUM	Ordinary	62	16.67		31-12-2016	EUR	18,600.00	0.00

CASH INVESTMENTS AND DEFERRED CHARGES AND ACCRUED INCOME

(values in €)

	Codes	Financial Year	Previous Financial Year
CASH INVESTMENTS – OTHER INVESTMENTS			
Stocks, shares and investments other than fixed-income investments	51	4,999,345.96	4,999,345.96
Stocks and shares - Book value increased by the uncalled amount	8681	4,999,345.96	4,999,345.96
Stocks and shares - Uncalled amount	8682		
Precious metals and works of art	8683		
Fixed income securities	52		
Fixed income securities issued by credit institutions	8684		
Term deposits held with loan institutions	53	138,000,000.00	44,500,000.00
With a residual term or notice term			
of less than one month	8686	126,000,000.00	36,000,000.00
of more than one month to less than one year	8687	12,000,000.00	8,500,000.00
of more than one year	8688		
Other cash investments not listed above	8689	2,016,731.50	2,821,397.38
ACCRUALS AND DEFERRALS			
Breakdown of heading 490/1 from assets if the latter represents a significant amount			
Rentals and rental charges 2018		10,066.92	
Stock option hedging premium		318,809.88	
Interest receivable on investments		9,342.08	
Interest charges to be deferred		792,778.80	
Other charges to be deferred		128,891.69	

STATEMENT OF SHARE CAPITAL AND SHAREHOLDING STRUCTURE

(values in €)

	Codes	Financial Year	Previous Financial Year
STATEMENT OF SHARE CAPITAL			
Share capital			
Subscribed capital at the end of the financial year	100P	XXXXXXXXXX	457,560.00
Subscribed capital at the end of the financial year	100	457,560.00	
	Codes	Amounts	Number
Changes during the financial year			
Representation of the share capital			
Share categories			
Ordinary Shares		457,560.00	2,460.00
Registered Shares	8702	XXXXXXXXXX	
Bearer and/or dematerialised shares	8703	XXXXXXXXXX	
	Codes	Uncalled amount	Called amount unpaid
Unreleased capital			
Uncalled capital	101		XXXXXXXXXX
Called capital, unpaid	8712	XXXXXXXXXX	
Shareholders liable to pay up shares			
	Codes	Financial Year	
Treasury shares			
Held by the company itself			
Amount of share capital held	8721		
Number of corresponding shares	8722		
Held by its subsidiaries			
Amount of share capital held	8731		
Number of corresponding shares	8732		
Share issue undertaking			
Following exercise of conversion rights			
Amount of outstanding convertible borrowings	8740		
Amount of share capital to be subscribed	8741		
Corresponding maximum number of shares to be issued	8742		
Following exercise of subscription rights			
Number of subscription rights in circulation	8745		
Amount of share capital to be subscribed	8746		
Corresponding maximum number of shares to be issued	8747		
Authorised unsubscribed share capital	8751		
	Codes	Financial Year	
Shares not representing capital			
Distribution			
Number of shares	8761		
Number of votes which are attached	8762		
Breakdown by shareholder			
Number of shares held by the company itself	8771		
Number of shares held by subsidiaries	8781		

SHAREHOLDING STRUCTURE OF THE COMPANY AT THE YEAR-END AS RESULTS FROM THE RETURNS MADE BY THE COMPANY IN VIRTUE OF THE *CODE DES SOCIÉTÉS* [COMPANY CODE], ARTICLE 631 SECTION 2 LAST PARAGRAPH AND ARTICLE 632 SECTION 2 LAST PARAGRAPH OF THE LAW OF 2 MAY 2007 RELATING TO THE ADVERTISING OF SIGNIFICANT SHAREHOLDINGS, ARTICLE 14 PARAGRAPH 4 OF THE ROYAL DECREE OF 21 AUGUST 2008 LAYING DOWN ADDITIONAL RULES RELATING TO SOME MULTILATERAL NEGOTIATION SYSTEMS, ARTICLE 5.

NAME of the persons or entities holding ownership interests in the company, with indication of ADDRESS (the statutory registered office for legal entities) and for companies governed by Belgian law, indication of the COMPANY NUMBER	Shares and associated rights held			%
	Nature	Number of voting rights		
		Attached to securities	Not linked to securities	
ORES ASSETS BE 0543.696.579 Avenue Jean Monnet 2 1348 Louvain-la-Neuve BELGIUM	Shares			99,72
IDEFIN BE 0257.744.044 Avenue Sergent Vrithoff 2 5000 Namur BELGIUM	Shares			0,04
IPFH BE 0201.645.281 Boulevard Pierre Mayence 1 6000 Charleroi BELGIUM	Shares			0,04
FINEST BE 0257.864.701 Place de l'Hôtel de Ville 4700 Eupen BELGIUM	Shares			0,04
SOFILUX BE 0257.857.969 Avenue de Houffalize, 58/B 6800 Libramont-Chevigny BELGIUM	Shares			0,04
FINIMO BE 0257.884.101 Place du Marché 55 4800 Verviers BELGIUM	Shares			0,04
IPFBW (ex. SEDIFIN) BE 0206.041.757 Avenue Jean Monnet 2 1348 Louvain-la-Neuve BELGIUM	Shares			0,04
IEG BE 0229.068.864 Rue de la solidarité 80 7700 Mouscron BELGIUM	Shares			0,04

PROVISIONS FOR OTHER RISKS AND CHARGES

(values in €)

Financial Year

BREAKDOWN OF SECTION 164/5 OF LIABILITIES WHERE THIS IS A SIGNIFICANT AMOUNT

Compliance of our network plans	7,679,319.00
Dispute contractor	795,020.69

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

Codes

Financial Year

BREAKDOWN OF LIABILITIES ORIGINALLY DUE IN MORE THAN ONE YEAR, LISTED ACCORDING TO THEIR DUE DATES

	Codes	Financial Year
Debts payable within one year falling due within the year		
Financial debt	8801	
Subordinated loans	8811	
Unsubordinated bond issues	8821	
Lease finance debt and similar liabilities	8831	
Credit Institutions	8841	
Other borrowing	8851	
Trade Debts	8861	
Suppliers	8871	
Notes payable	8881	
Prepayments received on orders	8891	
Other debts	8901	
Total debts payable within one year falling due within the year	42	0.00
Debts due in more than one year but with no more than 5 years to run		
Financial debt	8802	560,750,000.00
Subordinated loans	8812	
Unsubordinated bond issues	8822	
Lease finance debt and similar liabilities	8832	
Credit Institutions	8842	80,000,000.00
Other borrowing	8852	480,750,000.00
Trade Debts	8862	
Suppliers	8872	
Notes payable	8882	
Prepayments received on orders	8892	
Other debts	8902	
Total debts due in more than one year but with no more than 5 years to run	8912	560,750,000.00
Debts with more than 5 years to run		
Financial debt	8803	660,000,000.00
Subordinated loans	8813	
Unsubordinated bond issues	8823	
Lease finance debt and similar liabilities	8833	
Credit Institutions	8843	380,000,000.00
Other borrowing	8853	280,000,000.00
Trade Debts	8863	
Suppliers	8873	
Notes payable	8883	
Prepayments received on orders	8893	
Other debts	8903	
Total debts with more than 5 years to run	8913	660,000,000.00

		(values in €)
	Codes	Financial Year
SECURED DEBTS		
Debts guaranteed by the Belgian public authorities		
Financial debt	8921	
Subordinated loans	8931	
Unsubordinated bond issues	8941	
Lease finance debt and similar liabilities	8951	
Credit Institutions	8961	
Other borrowing	8971	
Trade Debts	8981	
Suppliers	8991	
Notes payable	9001	
Prepayments received on orders	9011	
Salary and social security liabilities	9021	
Other debts	9051	
TOTAL DEBTS GUARANTEED BY THE BELGIAN PUBLIC AUTHORITIES	9061	
DEBTS GUARANTEED BY ACTUAL SECURITIES CONSTITUTED OR IRREVOCABLY PROMISED ON THE COMPANY'S ASSETS		
Financial debt	8922	
Subordinated loans	8932	
Unsubordinated bond issues	8942	
Lease finance debt and similar liabilities	8952	
Credit Institutions	8962	
Other borrowing	8972	
Trade Debts	8982	
Suppliers	8992	
Notes payable	9002	
Prepayments received on orders	9012	
Tax, salary and social security liabilities	9022	
Taxes	9032	
Salaries and Social Security expenses	9042	
Other debts	9052	
TOTAL DEBTS GUARANTEED BY ACTUAL SECURITIES CONSTITUTED OR IRREVOCABLY PROMISED ON THE COMPANY'S ASSETS	9062	
	Codes	Financial Year
TAX, SALARY AND SOCIAL SECURITY LIABILITIES		
Taxes		
Tax liabilities due	9072	
Non-due tax liabilities	9073	3,494,243.88
Estimated tax liabilities	450	904,887.59
Salaries and Social Security expenses		
Liabilities due to the ONSS (National Social Security Office)	9076	
Other salary and social security liabilities	9077	41,591,329.77
		Financial Year
ACCRUALS AND DEFERRALS		
Breakdown of heading 492/3 from liabilities if the latter represents a significant amount		
Provisions related to staff		9,532,889.88
Financial expenses to be charged		13,895,645.77
Administrative expenses		49,402.37

OPERATING PROFIT

(values in €)

	Codes	Financial Year	Previous Financial Year
OPERATING INCOME			
Net turnover			
Breakdown by activity category			
Network operator		570,654,889.99	564,290,987.73
Breakdown by geographical market			
Belgium		570,654,889.99	564,290,987.73
Other income from operations			
Operational subsidies and compensatory amounts obtained from public authorities publics	740		
OPERATING EXPENSES			
Workers for whom the company has introduced a DIMONA [immediate recruitment declaration] statement or who are on the general register of staff			
Total number at the year-end date	9086	2,312.00	2,370.00
Average number of staff calculated in full-time equivalents	9087	2,324.00	2,374.00
Number of hours actually worked	9088	3,372,279.00	3,466,722.00
Personnel Costs			
Remuneration and direct social benefits	620	136,830,033.22	136,796,654.63
Employers' social insurance contributions	621	38,546,289.05	41,169,862.32
Employers' premiums for extra insurance	622	54,145,002.01	55,251,581.70
Other staff costs	623	10,296,975.35	9,729,666.78
Retirement and survivors' pensions	624	3,907,585.18	8,092,947.80
Provisions for pensions and similar obligations			
Increases (uses and withdrawals)	(+)/(-)	635	
Write-downs			
On stocks and orders in progress			
Recorded	9110		
Trade-ins	9111		
On trade receivables			
Recorded	9112		
Trade-ins	9113		
Provisions for risks and expenses			
Constitutions	9115	974,339.69	
Uses and withdrawals	9116		
Other operating expenses			
Taxes and fees related to operations	640	346,152.19	182,239.62
Other	641/8	104,021.27	34,673.56
Temporary staff and individuals made available to the company			
Total number at the year-end date	9096	23.00	61.00
Average number calculated in full-time equivalents	9097	22.80	60.90
Number of hours actually worked	9098	45,531.00	104,952.00
Costs for the company	617	1,039,231.81	3,573,661.88

FINANCIAL AND EXCEPTIONAL INCOME

(values in €)

	Codes	Financial Year	Previous Financial Year
RECURRENT FINANCIAL INCOME			
Other financial income			
Subsidies granted by public authorities and charged to the profit/loss account			
Capital grants	9125	40,828.86	4,913.20
Interest subsidies	9126		
Breakdown of other financial income			
Miscellaneous		680.77	118,400.95
RECURRENT FINANCIAL EXPENSES			
Depreciation of loan issue costs	6501	1,914,230.20	586,908.56
Interest recorded under assets	6503		
Write-downs on current assets			
Recorded	6510		
Withdrawals	6511		
Other financial expenses			
Amount of discount to be borne by the company on the negotiation of receivables	653		
Financial provisions			
Increases	6560		
Uses and withdrawals	6561		
Breakdown of other financial expenses			
Miscellaneous		138,313.53	15,096.28
Commission on line of credit on unraised funds		150,000.00	150,410.96
Unrealized loss		81,265.75	

(values in €)

	Codes	Financial Year	Previous Financial Year
INCOME AND EXPENDITURE OF AN EXTRAORDINARY SIZE OR IMPACT			
NON-RECURRENT FINANCIAL INCOME			
Non-recurrent operating income	76A		75,643.70
Adjustments to depreciation and write-downs on intangible and tangible fixed assets	760		
Reversals of provisions for extraordinary risks and operating costs	7620		
Capital gains on the disposal of intangible and tangible fixed assets	7630		
Other non-recurrent operating income	764/8		
Non-recurrent operating financial income	76B	0.00	75,643.70
Write-backs on financial fixed assets	761		
Reversals of provisions for extraordinary risks and financial expenses	7621		
Capital gains on the disposal of financial fixed assets	7631	0.00	75,643.70
Other non-recurrent financial income	769		
NON-RECURRENT FINANCIAL EXPENSES			
Non-recurrent operating expenses	66A		
Depreciation and non-recurrent write-downs on set-up costs, on intangible and tangible fixed assets	660		
Provisions for extraordinary operating risks and expenses: increases (use) (+)/(-)	6620		
Capital loss on the disposal of intangible and tangible fixed assets	6630		
Other non-recurrent operating expenses	664/7		
Non-recurrent operating expenses carried to assets as restructuring costs (-)	6690		
Non-recurrent financial expenses	66B		
Non-recurrent financial investments	661		
Provisions for extraordinary financial risks and expenses- increases (use) (+)/(-)	6621		
Capital loss on disposal of financial fixed assets	6631		
Other non-recurrent financial expenses	668		
Non-recurrent financial expenses carried to assets as restructuring (-)	6691		

DUTIES AND TAXES

	(values in €)	
	Codes	Financial Year
TAXES ON PROFIT/LOSS		
Taxes on the financial year profit/loss	9134	4,922,578.14
Taxes and deductions due or paid	9135	17,690.55
Surplus of payments of taxes or deductions recorded under assets	9136	
Estimated additional tax	9137	4,904,887.59
Taxes on previous financial years' profit/loss	9138	627,249.43
Additional tax due or paid	9139	627,249.43
Estimated or set-aside additional tax	9140	
Main sources of disparities between the profit before tax, expressed in the accounts, and estimated taxable profit		
Non-deductible expenditure		15,358,243.89
Impact of extraordinary profit/loss on the amount of tax on the profit/loss for the financial year		

	(values in €)	
	Codes	Financial Year
Sources of deferred taxes		
Deferred assets		
Cumulative tax losses, deductible from subsequent taxable profit	9141	
Other active deferrals	9142	
Deferred liabilities		
Breakdown of deferred liabilities	9144	

	(values in €)		
	Codes	Financial Year	Previous Financial Year
VALUE-ADDED TAX AND TAXES BORNE BY THIRD PARTIES			
Value-added taxes, entered into			
The company's accounts (deductible)	9145	69,300,280.32	69,993,054.33
By the company	9146	96,047,589.27	94,999,414.86
Amounts held borne by third parties, for			
Payroll tax	9147	39,228,173.20	39,475,592.88
Withholding tax	9148	17,690.55	50,805.39

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

	(values in €)	
	Codes	Financial Year
PERSONAL GUARANTEES CONSTITUTED OR IRREVOCABLY PROMISED BY THE COMPANY AS A GUARANTEE AGAINST THIRD-PARTY DEBTS OR COMMITMENTS	9149	
Including		
Outstanding bills of exchange endorsed by the company	9150	
Outstanding bills of exchange drawn or guaranteed by the company	9151	
Maximum amount up to which other commitments from third parties are guaranteed by the company	9153	
ACTUAL GUARANTEES		
Actual guarantees constituted or irrevocably promised by the company on its own as- sets, as a guarantee against the company's debts or commitments		
Mortgages		
Book value of charged properties	9161	
Amount of registration	9171	
Pledges against goodwill - Amount of registration	9181	
Pledges against other assets - Book value of pledged assets	9191	
Collateral provided on future assets - Amount of the assets in question	9201	
Actual guarantees constituted or irrevocably promised by the company on its own assets, as a guarantee against third-party debts or commitments		
Mortgages		
Book value of charged properties	9162	
Amount of registration	9172	
Pledges against goodwill - Amount of registration	9182	
Pledges against other assets - Book value of pledged assets	9192	
Collateral provided on future assets - Amount of the assets in question	9202	
AMOUNTS OF GOODS AND VALUES, NOT DISCLOSED ON THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE COMPANY		
SIGNIFICANT COMMITMENTS FOR ACQUISITIONS OF FIXED ASSETS		
SIGNIFICANT COMMITMENTS FOR DISPOSALS OF FIXED ASSETS		
FUTURES MARKET		
Goods purchased (to be received)	9213	
Goods sold (to be supplied)	9214	
Goods purchased (to be received)	9215	
Goods sold (to be supplied)	9216	
COMMITMENTS RESULTING FROM TECHNICAL GUARANTEES ATTACHED TO SALES OR SERVICES ALREADY CARRIED OUT		
AMOUNT, NATURE AND FORM OF DISPUTES AND OTHER SIGNIFICANT COMMITMENTS		
Guarantees from ORES Assets for the commercial bills issue programme		2,140,000,000.00
Sureties received under public procurement contracts		15,900,106.43
Stock Options plan		5,989,879.36

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

(values in €)

	Codes	Financial Year
ADDITIONAL RETIREMENT OR SURVIVOR'S PENSION SCHEMES INSTIGATED FOR THE BENEFIT OF STAFF OR COMPANY OFFICERS		
Brief description		
Outsourcing of supplementary pensions through allocations to the pension funds		
Compensation in the form of annuities		
Measures taken to cover the resulting expense		
Regular payments to the pension funds in question		
Direct financing of the annuities by the balance sheet		
PENSIONS INCUMBENT UPON THE COMPANY ITSELF		
Estimated amount of commitments resulting from services already performed	9220	9,342,000.00
Bases and methods for this estimate		
AIE – actuarial calculation		
NATURE AND FINANCIAL IMPACT OF SIGNIFICANT POST-CLOSING EVENTS NOT TAKEN INTO ACCOUNT IN THE BALANCE SHEET OR THE PROFIT AND LOSS STATEMENT		
PURCHASING OR SALES OBLIGATIONS WHICH THE COMPANY HAS AS ISSUER OF SALES OR PURCHASING OPTIONS		
NATURE, COMMERCIAL OBJECTIVE AND FINANCIAL CONSEQUENCES OF TRANSACTIONS NOT RECORDED ON THE BALANCE SHEET		
So long as the risks or advantages arising from these transactions are significant and insofar as disclosure of the risks or benefits is necessary to assess the financial situation of the company		
OTHER OFF-BALANCE-SHEET RIGHTS INCLUDING THOSE NOT LIKELY TO BE QUANTIFIED		

RELATIONSHIPS WITH AFFILIATED COMPANIES , ASSOCIATED COMPANIES AND OTHER COMPANIES WITH WHICH THERE IS A SHAREHOLDING CONNECTION

(values in €)

	Codes	Financial Year	Previous Financial Year
AFFILIATED COMPANIES			
Financial fixed assets			
Securities holdings	280	1,220,750,000.00	810,750,000.00
Subordinate receivables	9271		
Other receivables	9281	1,220,750,000.00	810,750,000.00
Receivables			
Payable in more than one year	9301		
Payable within one year	9311	44,930,568.24	159,985,472.52
Cash investments			
Actions	9331		
Accounts receivable	9341		
Debts			
Due in more than one year	9361	1,258.00	
Due within one year	9371	1,258.00	
Personal and actual guarantees			
Constituted or irrevocably promised by the company as a guarantee against affiliated company debts or commitments	9381		
Constituted or irrevocably promised by affiliated companies as a guarantee against the company's debts or commitments	9391		
Other significant financial commitments			
	9401		

Financial Income			
Income from financial investments	9421		
Income from current assets	9431	32,391,967.28	30,429,626.56
Other financial income	9441		
Debt charges	9461		
Other financial expenses	9471		
Disposals of capital assets			
Capital gains realised	9481		
Capital losses realised	9491		

ASSOCIATED COMPANIES

Financial fixed assets	9253		
Securities holdings	9263		
Subordinate receivables	9273		
Other receivables	9283		
Receivables	9293		
Payable in more than one year	9303		
Payable within one year	9313		
Debts	9353		
Due in more than one year	9363		
Due within one year	9373		
Personal and actual guarantees			
Constituted or irrevocably promised by the company as a guarantee against associated company debts or commitments	9383		
Constituted or irrevocably promised by associated companies as a guarantee against the company's debts or commitments	9393		
Other significant financial commitments	9403		

OTHER COMPANIES WITH A SHAREHOLDING CONNECTION

Financial fixed assets	9252	8,002,356.71	6,215,624.96
Securities holdings	9262	827,316.26	827,316.26
Subordinate receivables	9272		
Other receivables	9282	7,175,040.45	5,388,308.70
Receivables	9292	13,746.74	13,132.66
Payable in more than one year	9302		
Payable within one year	9312	13,746.74	13,132.66
Debts	9352	1,167,486.34	538,552.91
Due in more than one year	9362		
Due within one year	9372	1,167,486.34	538,552.91

(values in €)

Financial Year

TRANSACTIONS WITH RELATED PARTIES CARRIED OUT UNDER CONDITIONS OTHER THAN MARKET CONDITIONS

Such transactions must be mentioned if they are significant, including the amount and an indication of the nature of the connection with the related party, as well as any other information on the transactions which would be necessary to gain a better understanding of the financial position of the company.

FINANCIAL RELATIONSHIPS WITH:

(values in €)

	Codes	Financial Year
THE DIRECTORS AND MANAGERS, NATURAL PERSONS OR LEGAL ENTITIES WHO DIRECTLY OR INDIRECTLY CONTROL THE COMPANY WITHOUT BEING CONNECTED TO IT OR OTHER COMPANIES CONTROLLED DIRECTLY OR INDIRECTLY BY THESE PERSONS OR ENTITIES		
Receivables on the aforementioned persons/entities	9500	
Main conditions for the receivables, interest rate, term, amounts potentially repaid, cancelled or for which this has been waived		
Guarantees constituted in their favour	9501	
Other significant commitments subscribed in their favour	9502	
Direct and indirect salaries and pensions allocated, charged to the profit and loss account, where mention of this does not exclusively or principally concern the situation of a single identifiable person or entity		
To directors and managers	9503	754,885.70
To former directors and former managers	9504	

(values in €)

	Codes	Financial Year
THE AUDITORS AND PERSONS OR ENTITIES WITH WHOM THEY ARE CONNECTED		
Auditors' fees	9505	16,050.00
Fees for extraordinary services or special tasks carried out within the company by the auditor(s)		
Other certification tasks	95061	
Tax consultancy assignments	95062	
Other assignments outside the auditing task	95063	4,178.13
Fees for extraordinary services or special tasks carried out within the company by persons or entities with whom the auditor(s) are related		
Other certification tasks	95081	
Tax consultancy assignments	95082	
Other assignments outside the auditing task	95083	

Statements pursuant to article 133, paragraph 6 of the Code des sociétés [Belgian Company law]

DERIVED FINANCIAL INSTRUMENT NOT ASSESSED AT THE RIGHT VALUE

For each category of derived financial instruments not assessed at the right value

Category of derived financial instruments	Risk covered	Speculation/coverage	Volume	Financial Year		Previous Financial Year	
				Book value	Right value	Book value	Book value
Swaps (volume give in k€)	Rate	Coverage	120,000	0	-237,305.42		
Cap (volume give in k€)	Rate	Coverage	27,546	0	185,929.84		
						Book value	Just value
Financial fixed assets accounted for at an amount greater than the right value							
Amounts of assets taken in isolation or grouped together in a suitable manner							
Atrias scrl						3,100.00	3,100.00
N-Allo scrl						824,216.26	824,216.26
Reasons for which the book value has not been reduced							
Atrias scrl: Atrias works at cost price for Belgian DSOs (ORES' share: 16.6%) In view of the foregoing, ORES considers that the shareholding held in its subsidiary (which corresponds to an amount equivalent to the percentage of holding in the equity) is assessed at its right value and does not required to be depreciated.							
N-Allo scrl: In view of the positive results released since the recapitalisation in 2014 and the trust in N-Allo's management to be able to maintain this trend, ORES considers that the shareholding held in its subsidiary has been correctly assessed and should not be subject to any depreciation.							
Elements which allow it to be supposed that the book value will be recovered							

STATEMENT RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Information to be completed by companies subject to the provisions of the *Code des sociétés* [Belgian Company Law] relating to consolidated financial statements

INFORMATION TO BE COMPLETED BY THE COMPANY IF IT IS A SUBSIDIARY OR JOINT SUBSIDIARY

Name, full address of the registered office and, if the company is regulated by Belgian law, the company number of the parent company (companies) and an indication if this (these) parent company (companies) draw(s) up and publish(es) consolidated accounts in which these annual financial statements are incorporated by consolidation*:

ORES Assets
Consolidating parent company - The largest assembly
BE 0543.696.579
Avenue Jean Monnet 2
1348 Louvain-la-Neuve
BELGIUM

*If the company's accounts are consolidated at several levels, the information is given on the one hand for the largest set and on the other hand for the smallest set of companies of which the company is part as a subsidiary and for which the consolidated financial statements are drawn up and published.

SOCIAL AUDIT

Numbers of joint committees on which the company depends: 326

STATEMENT OF PERSONS EMPLOYED

Workers for whom the company has introduced a DIMONA [immediate recruitment declaration] statement or who are on the general register of staff

	Codes	Total	1. Men	2. Women
DURING THE FINANCIAL YEAR				
Average number of workers				
Full-time	1001	1,989.00	1,483.00	506.00
Part-time	1002	349.00	127.00	223.00
TOTAL IN FULL-TIME EQUIVALENTS (FTE)	1003	2,324.00	1,608.00	716.00
Number of hours actually worked				
Full-time	1011	2,381,552.00	2,236,286.00	145,266.00
Part-time	1012	990,727.00	735,491.00	255,236.00
TOTAL	1013	3,372,279.00	2,971,777.00	400,502.00
Personnel Costs				
Full-time	1021	205,487,549.89	159,798,660.97	45,688,888.92
Part-time	1022	33,768,908.45	13,660,077.75	20,108,830.70
TOTAL	1023	239,256,458.34	173,458,738.72	65,797,719.62
Amount of benefits granted in addition to salary	1033			
	Codes	P. Total	1P. Men	2P. Women
DURING THE PREVIOUS FINANCIAL YEAR				
Average number of workers in FTE	1003	2,374.00	1,647.00	727.00
Number of hours actually worked	1013	3,466,722.00	3,078,731.00	387,991.00
Personnel Costs	1023	242,947,765.43	177,549,991.22	65,397,774.21
Amount of benefits granted in addition to salary	1033			

Workers for whom the company has introduced a DIMONA [immediate recruitment declaration] statement or who are on the general register of staff (continued)

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
AS AT THE YEAR-END DATE				
Number of workers	105	1,953.00	359.00	2,296.50
By type of work contract				
Permanent contract	110	1,856.00	359.00	2,199.50
Fixed-term contract	111	97.00	0.00	97.00
Contract for carry out a clearly defined piece of work	112			
Replacement contract	113			
By sex and level of study				
Men	120	1,456.00	133.00	1,587.10
primary level	1200	404.00	22.00	425.60
secondary level	1201	614.00	83.00	696.40
higher non-university level	1202	298.00	23.00	320.10
university level	1203	140.00	5.00	145.00
Women	121	497.00	226.00	709.40
primary level	1210	116.00	58.00	170.90
secondary level	1211	88.00	41.00	126.90
higher non-university level	1212	230.00	113.00	335.80
university level	1213	63.00	14.00	75.80
By professional category				
Management personnel	130	239.00	18.00	255.60
Employees	134	1,714.00	341.00	2,040.90
Workers	132			
Other	133			

Temporary staff and individuals made available to the company

	Codes	1. Temporary staff	2. Individuals made available to the company
DURING THE FINANCIAL YEAR			
Average number of persons employed	150	22.00	1.00
Number of hours actually worked	151	43,031.00	2,500.00
Costs for the company	152	954,602.01	84,629.80

TABLE OF STAFF MOVEMENTS DURING THE FINANCIAL YEAR

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
INPUT				
Number of workers for whom the company has introduced a DIMONA [immediate recruitment declaration] statement or who were registered on the general register of staff during the financial year	205	79.00	4.00	80.60
By type of work contract				
Permanent contract	210	17.00	4.00	18.60
Fixed-term contract	211	62.00	0.00	62.00
Contract for carry out a clearly defined piece of work	212			
Replacement contract	213			
	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
STAFF DEPARTURES				
Number of workers whose contract end date has been recorded in a DIMONA statement or on the general staff register during the financial year.	305	129.00	12.00	139.70
By type of work contract				
Permanent contract	310	71.00	11.00	80.70
Fixed-term contract	311	58.00	1.00	59.00
Contract for carry out a clearly defined piece of work	312			
Replacement contract	313			
By reason of termination of contract				
Pension	340	26.00	2.00	27.50
Unemployed with company supplement	341	13.00	3.00	16.00
Dismissal	342	13.00	1.00	14.00
Other grounds	343	77.00	6.00	82.20
Including: the number of persons who are continuing, at least part-time, to provide services for the company as self-employed	350			

INFORMATION ON TRAINING FOR WORKERS DURING THE FINANCIAL YEAR

	Codes	1. Men	Codes	2. Women
Initiatives in terms of formal continuous professional development at the employer's expense				
Number of workers concerned	5801	1,403.00	5811	618.00
Number of hours of training undertaken	5802	53,524.00	5812	19,667.00
Net cost to the company	5803	9,528,618.84	5813	3,569,582.49
including the gross costs directly linked to training	58031	9,528,618.84	58131	3,569,582.49
including contributions paid and payments to collective funds	58032		58132	
including subsidies and other financial benefits received (to be deducted)	58033		58133	
Initiatives in terms of less formal or informal continuous professional development at the employer's expense				
Number of workers concerned	5821	26.00	5831	
Number of hours of training undertaken	5822	7,086.00	5832	
Net cost to the company	5823	421,187.93	5833	
Initiatives in terms of initial professional training at the employer's expense				
Number of workers concerned	5841	4.00	5851	1.00
Number of hours of training undertaken	5842	4,781.00	5852	1,274.00
Net cost to the company	5843	40,380.16	5853	9,905.51

ACTIVE VALUATION RULES

ASSETS

SET-UP COSTS

This heading includes costs relating to the formation, development or restructuring of the company, such as the formation or increase of the share capital, loan issue costs. The depreciation of set-up costs should follow the requirements of the first paragraph of article 59 of the Royal Decree of 30 January 2001, stipulating that set-up costs are subject to the appropriate depreciation, in annual bands of at least 20% of the sums actually expended. However, the depreciation of loan issue costs were distributed over the entire term of the loan. From 2017, the loan issue costs will be recorded under this heading and depreciated over the year. However, the residual value of the loan issue costs at the end of 2016 is depreciated over two years (2017 and 2018).

Depreciation according to the assessment rules in force in 2016: € 586,870.78.

Depreciation according to the assessment rules in force in 2017: € 1,914,230.20.

INTANGIBLE ASSETS

Intangible fixed assets are intangible production means. They represent assets that are fixed because the company wishes to use them as operational resources. They imply, in other terms, an operational capacity of a limited or unlimited term.

According to the Royal Decree of 30 January 2001 (article 95, paragraph 1), the following must be distinguished:

- development costs;
- concessions, patents and licences, know-how, trademarks and other similar rights;
- goodwill.

Intangible fixed assets are accounted for if and only if it is probable that the future economic advantages attributable to the assets will go to the company and if the cost of these assets can be reliably assessed. Intangible fixed assets are initially assessed at their cost. The cost of an intangible fixed asset generated internally includes all the costs directly attributable to it and is equal to the sum of the expenses incurred from the date on which this intangible fixed asset meets accounting criteria according to Belgian standards.

After their initial accounting, intangible fixed assets are accounted for at their cost less total depreciation and total impairments. Intangible fixed assets are depreciated according to the straight-line method over the estimated useful life of the fixed asset (fixed at 5 years).

ORES srl has taken the option of activating development costs as intangible fixed assets. Development costs likely to be recorded under the assets as intangible fixed assets are the costs of manufacturing and developing prototypes, products, inventions and know-how useful to the future activities of the business.

In this context, the following costs have been activated:

- personal expenses relating to researchers, technicians and other support staff, insofar as they are allocated to carrying out a project which meets the definition above;
- the costs of instruments and equipment insofar as and for as long as they are used for carrying out the project. If these are not used for their entire useful life for carrying out the project, only the depreciation costs corresponding to the lifetime of the project are therefore admissible;
- the costs of the services of consultants and equivalent services used to carry out the project;
- other operational costs, including the cost of materials, supplies and similar products, supported directly because of the carrying out of the project.

An intangible fixed asset which comes from the development costs activity is then depreciated using the straight-line method over its useful life (fixed at 5 years) and reduced by any impairments.

CAPITAL ASSETS

Financial fixed assets are recognised at their acquisition value less the uncalled part.

At the end of each company financial year, an individual assessment of each security in the portfolio is carried out so as to reflect, in as satisfactory a manner as possible, the situation, profitability and prospects of the company in which the interest or shares are held.

RECEIVABLES DUE IN MORE THAN ONE YEAR

Receivables due in more than one year are accounted for at the book value and are subject to write-downs in the event of long-term depreciation.

STOCK

Stocks are valued at the weighted average price.

RECEIVABLES DUE WITHIN ONE YEAR

Accounts receivable due within one year are valued at their nominal value.

A write-down is made when the estimated value at the financial year-end is less than the book value.

CASH INVESTMENTS

Investment securities are recorded under balance sheet assets at their purchase price, excluding ancillary costs, or at their transfer value.

At the close of the financial year, they are assessed at the lowest of the following values: purchase price or transfer value or the stock-market value at the financial year-end.

CASH ASSETS

The rules for assessing cash assets are the same as those for receivables due within one year.

ASSET ADJUSTMENT ACCOUNTS

The expenses exposed during the financial year but chargeable in whole or in part to a previous financial year are recorded in the adjustment accounts based on a proportional rule.

Income or fractions of income which are only paid during one or more following financial years but which are to be attached to the financial year in question are accounted for in the amount of the portion relating to the financial year in question.

LIABILITIES

TAX-FREE RESERVES

Capital gains and profits where tax immunisation is subject to them being held in the company's assets are categorised under this heading.

PROVISIONS AND DEFERRED TAXES

At the end of each financial year, the Board of Directors, acting prudently, sincerely and in good faith, examines the provisions to be made.

DEBTS DUE IN MORE THAN ONE YEAR AND WITHIN ONE YEAR

These debts are accounted for at their nominal value.

LIABILITY ADJUSTMENT ACCOUNTS

The expenses for a fraction of the expenses relating to the financial year but which will only be paid during a subsequent financial year are entered into the adjustment accounts for the amount attributable to the financial year. The income received during the financial year which is attributable in whole or in part to a subsequent financial year is also accounted for in the amount which must be regarded as income for the subsequent financial year.



IV. Auditor's report



ORES SCRL

RAPPORT DU COMMISSAIRE A L'ASSEMBLEE GENERALE DE LA SOCIETE POUR L'EXERCICE CLOS LE 31 DECEMBRE 2017

Dans le cadre du contrôle légal des comptes annuels d'ORES SCRL (la "société"), nous vous présentons notre rapport du commissaire. Celui-ci inclut notre rapport sur l'audit des comptes annuels ainsi que notre rapport sur les autres obligations légales et réglementaires de communication incombant au commissaire. Ces rapports constituent un ensemble et sont inséparables.

Nous avons été nommés en tant que commissaire par l'Assemblée générale du 23 juin 2016, conformément à la proposition de l'organe de gestion émise sur présentation du Conseil d'entreprise. Notre mandat de commissaire vient à échéance à la date de l'Assemblée générale délibérant sur les comptes annuels clôturés au 31 décembre 2018. Nous avons exercé le contrôle légal des comptes annuels d'ORES SCRL durant cinq exercices consécutifs.

RAPPORT SUR L'AUDIT DES COMPTES ANNUELS

Opinion sans réserve

Nous avons procédé au contrôle légal des comptes annuels de la société, comprenant le bilan au 31 décembre 2017, ainsi que le compte de résultats pour l'exercice clos à cette date et l'annexe, dont le total du bilan s'élève à 1.524.322.863,73€ et dont le compte de résultats se solde par un résultat de l'exercice de € 0,00.

À notre avis, ces comptes annuels donnent une image fidèle du patrimoine et de la situation financière de la société au 31 décembre 2017, ainsi que de ses résultats pour l'exercice clos à cette date, conformément au référentiel comptable applicable en Belgique.

Fondement de l'opinion sans réserve

Nous avons effectué notre audit selon les Normes internationales d'audit (ISA). Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section "Responsabilités du commissaire relatives à l'audit des comptes annuels" du présent rapport. Nous nous sommes conformés à toutes les exigences déontologiques qui s'appliquent à l'audit des comptes annuels en Belgique, en ce compris celles concernant l'indépendance.

Nous avons obtenu de l'organe de gestion et des préposés de la société, les explications et informations requises pour notre audit.

Nous estimons que les éléments probants que nous avons recueillis sont suffisants et appropriés pour fonder notre opinion.

AUDIT | TAX | CONSULTING

RSM InterAudit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM Network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM InterAudit Serl¹⁷, rue des Diables - Siège social : chaussée de Waterloo 1151 - B-1180 Bruxelles
interaudit@rsmbelgium.be - TVA BE 0430.361.122 - RPM Bruxelles - ¹⁷ Société civile à forme commerciale

Member of RSM Toonen Cats Dupont Koozevols - Offices in Antwerp, Brussels, Charleroi, Mons and Zaventem

Points clés de l'audit

Les points clés de l'audit sont les points qui, selon notre jugement professionnel, ont été les plus importants lors de l'audit des comptes annuels de l'exercice 2017 pris dans leur ensemble pour la formation de notre opinion.

Nous considérons que les éléments suivants constituent les points clés de l'audit :

- L'environnement IT : l'activité de la société repose sur un environnement IT complexe et important. L'appréhension de celui-ci constitue un élément clé de contrôle dans la mesure où la société utilise des interfaces ainsi qu'un système comptable et de gestion intégré ;
- La politique de financement du groupe : tenant compte des investissements importants que le groupe ORES doit réaliser, le financement de ceux-ci est essentiel pour l'activité de la société d'autant plus qu'une partie significative des capitaux empruntés proviennent de marchés réglementés ;
- L'environnement réglementaire et l'application de législations spécifiques : le respect de ces différentes législations constitue naturellement un élément majeur de notre audit.

Nous n'exprimons pas une opinion distincte sur ces points.

Responsabilités de l'organe de gestion relatives aux comptes annuels

L'organe de gestion est responsable de l'établissement des comptes annuels donnant une image fidèle conformément au référentiel comptable applicable en Belgique, ainsi que de la mise en place du contrôle interne qu'il estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à l'organe de gestion d'évaluer la capacité de la société à poursuivre son exploitation, de fournir, le cas échéant, des informations relatives à la continuité d'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si l'organe de gestion a l'intention de mettre la société en liquidation ou de cesser ses activités ou s'il ne peut envisager une autre solution alternative réaliste.

Responsabilités du commissaire relatives à l'audit des comptes annuels

Nos objectifs sont d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et d'émettre un rapport du commissaire contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permettra de toujours détecter toute anomalie significative existante. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes annuels prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes ISA et tout au long de celui-ci, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique. En outre :

- nous identifions et évaluons les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définissons et mettons en œuvre des procédures d'audit en réponse à ces risques, et recueillons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- nous prenons connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, mais non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la société ;

A handwritten signature in blue ink, consisting of several loops and a long tail, is located in the bottom left corner of the page.

- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par l'organe de gestion, de même que des informations les concernant fournies par ce dernier ;
- nous concluons quant au caractère approprié de l'application par l'organe de gestion du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport du commissaire sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants recueillis jusqu'à la date de notre rapport du commissaire. Cependant, des situations ou événements futurs pourraient conduire la société à cesser son exploitation ;
- nous apprécions la présentation d'ensemble, la structure et le contenu des comptes annuels et évaluons si les comptes annuels reflètent les opérations et événements sous-jacents d'une manière telle qu'ils en donnent une image fidèle.

Nous communiquons au Comité d'audit notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus, ainsi que les constatations importantes découlant de notre audit, y compris toute faiblesse significative dans le contrôle interne.

Nous fournissons également au Comité d'audit une déclaration précisant que nous nous sommes conformés aux règles déontologiques pertinentes concernant l'indépendance, et leur communiquons, le cas échéant, toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir une incidence sur notre indépendance ainsi que les éventuelles mesures de sauvegarde y relatives.

Parmi les points communiqués au Comité d'audit, nous déterminons les points qui ont été les plus importants lors de l'audit des comptes annuels de la période en cours, qui sont de ce fait les points clés de l'audit. Nous décrivons ces points dans notre rapport du commissaire, sauf si la loi ou la réglementation en interdit la publication.

A handwritten signature in blue ink, appearing to be 'M. J.', is located in the bottom left corner of the page.

RAPPORT SUR LES AUTRES OBLIGATIONS LÉGALES ET RÉGLEMENTAIRES DE COMMUNICATION INCOMBANT AU COMMISSAIRE

Responsabilités de l'organe de gestion

L'organe de gestion est responsable de la préparation et du contenu du rapport de gestion, de la déclaration non financière annexée à celui-ci et des autres informations contenues dans le rapport annuel, des documents à déposer conformément aux dispositions légales et réglementaires, du respect des dispositions légales et réglementaires applicables à la tenue de la comptabilité ainsi que du respect du Code des sociétés et des statuts de la société.

Responsabilités du commissaire

Dans le cadre de notre mandat et conformément à la norme belge complémentaire (Révisée en 2018) aux normes internationales d'audit (ISA) applicables en Belgique, notre responsabilité est de vérifier, dans ses aspects significatifs, le rapport de gestion, la déclaration non financière annexée à celui-ci et les autres informations contenues dans le rapport annuel, certains documents à déposer conformément aux dispositions légales et réglementaires, et le respect de certaines dispositions du Code des sociétés et des statuts, ainsi que de faire rapport sur ces éléments.

Aspects relatifs au rapport de gestion et aux autres informations contenues dans le rapport annuel

À l'issue des vérifications spécifiques sur le rapport de gestion, nous sommes d'avis que celui-ci concorde avec les comptes annuels pour le même exercice et a été établi conformément aux articles 95 et 96 du Code des sociétés.

Dans le cadre de notre audit des comptes annuels, nous devons également apprécier, en particulier sur la base de notre connaissance acquise lors de l'audit, si le rapport de gestion et les autres informations contenues dans le rapport annuel comportent une anomalie significative, à savoir une information incorrectement formulée ou autrement trompeuse. Sur la base de ces travaux, nous n'avons pas d'anomalie significative à vous communiquer.

Nous n'exprimons aucune forme d'assurance que ce soit sur le rapport de gestion et les autres informations contenues dans le rapport annuel.

Mention relative au bilan social

Le bilan social, à déposer à la Banque nationale de Belgique conformément à l'article 100, § 1^{er}, 6^o/2 du Code des sociétés, traite, tant au niveau de la forme qu'au niveau du contenu, des mentions requises par ce Code et ne comprend pas d'incohérences significatives par rapport aux informations dont nous disposons dans le cadre de notre mandat.

Mentions relatives à l'indépendance

- Notre cabinet de révision n'a pas effectué de missions incompatibles avec le contrôle légal des comptes annuels et est resté indépendant vis-à-vis de la société au cours de notre mandat.
- Les honoraires relatifs aux missions complémentaires compatibles avec le contrôle légal des comptes annuels visées à l'article 134 du Code des sociétés ont correctement été valorisés et ventilés dans l'annexe des comptes annuels.

A handwritten signature in blue ink, consisting of several loops and a long tail, located at the bottom left of the page.

Autres mentions

- Sans préjudice d'aspects formels d'importance mineure, la comptabilité est tenue conformément aux dispositions légales et réglementaires applicables en Belgique.
- La répartition des résultats proposée à l'Assemblée générale est conforme aux dispositions légales et statutaires.
- Nous n'avons pas à vous signaler d'opération conclue ou de décision prise en violation des statuts ou du Code des sociétés.

Le présent rapport est conforme au contenu de notre rapport complémentaire destiné au Comité d'audit visé à l'article 11 du règlement (UE) n° 537/2014

Gosselies, le 28 mai 2018

A handwritten signature in blue ink, appearing to be 'Thierry Lejuste', written over a horizontal line.

RSM INTERAUDIT SCRL
COMMISSAIRE
REPRÉSENTÉE PAR
THIERRY LEJUSTE
ASSOCIÉ



VI. ORES scrl - ORES Assets consolidated salaries report¹

In terms of governance and structures, our inter-municipal company has committed since 2013 to a rationalisation process.

The first step was taken, in December 2013, with the merger of the eight Walloon mixed inter-municipal companies to form ORES Assets, a single inter-municipal company currently bringing together 197 Walloon communes. With this operation to simplify structures, this meant that seven inter-municipal companies and more than 200 director posts were removed, which was also reflected in a reduce in salaries connected to these posts of some €250,000 per year.

The objective sought as part of this process is to meet the numerous challenges encountered by the distribution sector: energy transition, development of the production of renewables connected to the distribution network, digitisation of activities, improvement in customer service, strengthening operational efficiency, necessity for better clarity of the group on capital markets... But retaining the strong link and closeness that exists with local authorities was a priority. The creation of this single inter-municipal company - the largest energy inter-municipal company in the country - was accompanied by the setting-up of eight Sector Committees, endowed with significant decision-making skills and counting in total 90 directorships.

On 22 June 2017, a second reform continued the process of rationalising the group's structures and governments. This second reform can be divided in three points:

- Abolishment of the Sector Committees on 22 June 2017.
- Following this abolishment, the redefinition of the local anchorage of the company through increased consultation mechanisms in particular with regard to the tariff policy, investments and dividends as well the efficient organisation of information points for the attention of the holders of directorships from the communes at meetings organised by Regional Directors, very appropriately called "*ORES Proximité*" [ORES Local].
- The setting-up of "mirror" Boards of Directors in both ORES Assets and ORES scrl. This means that the same people will be part of both Boards; they are remunerated for only one of these two directorships according to their actual attendance at meetings and in accordance with the remuneration limits laid down by the Local Democracy and Decentralisation Code (CDLD), the other directorship being carried out for no remuneration.

¹ Draw up in accordance with the articles (i) L1523-17 from the CDLD and (ii) 100, §1 6°/3 from the Companies Code

It should be noted that a third governance modification will be submitted to ORES' and ORES Assets' General Meetings on 28 June 2018, with the aim of transposing the provision of the reform of the spring 2018 *Code de la Démocratie Locale et de la Décentralisation* [Local Democracy and Decentralisation Code] in the Memorandum and Articles of Association and governance rules.

6.1 ORES ASSETS' BODIES

6.1.1 REMUNERATION COMMITTEE

Instigated by the Walloon decree of 19 July 2006, the Remuneration Committee's task is to assist the Board of Directors in all matters relating to the remuneration of directors and members of the Committee. It is made up of five directors, including the Chairman, who is involved here unremunerated.

ORES Assets' Remuneration Committee met on 25 January, 22 March and 3 May 2017.

All the members of the Committee were present at this meeting.

6.1.2 BOARD OF DIRECTORS

The Board of Directors is the company's decision-making body, except in matters reserved for the Annual General Meeting by law, decree or the articles of association. Its main objective is to ensure the company's long-term success in complying with, on the one hand, the interests of all the stakeholding third parties essential to the attainment of this objective, namely the shareholders, customers, suppliers and other creditors, and, on the other hand, the public service obligations which it has assumed.

With this in mind, the Board of Directors identifies the strategic challenges and the risk to which the company is exposed, defines the company's values, its strategy, the level of risk which it accepts to take and its key policies, and controls the course of business.

Following the transfer, on 31 December 2016, by Engie/Electrabel of 25% of the holding that it still had in ORES Assets to the shareholding Public Authorities, through the pure financing inter-municipal companies, the directorships appointed at the proposal of Engie/Electrabel were vacant from 1 January 2017.

Since 22 June 2017, the inter-municipal company ORES Assets and its subsidiary, ORES scrl, have had a "mirror" Board of Directors. As a result, the same people are part of both Boards; they are remunerated for only one of these two directorships (in this case, in ORES scrl) according to their actual attendance at meetings and in accordance with the remuneration limits laid down by the CDLD (Local Democracy and Decentralisation Code), the other directorship (in ORES Assets) being carried out for no remuneration.

It was the General Meeting of 22 June 2017 which carried out the changes to the memorandum and articles of association with a view to the installation of the "mirror" Board of Directors and the abolishment of the Sector Committees and which modified the terms of the remuneration of members of the Sector Committees for the period from 1 January 2017 to 22 June 2017.

From 1 January 2017 to 22 June 2017, ORES Assets' Board of Directors comprised 30 directorships (of which 3 were vacant) and it met 6 times.

From 22nd June to 31 December 2017, ORES Assets' Board of Directors comprised 31 directorships (including the additional directorship devolved to the Popular Party pursuant to article L 1523-13) and also met 6 times.

LEVEL OF REMUNERATION OF THE DIRECTORS OF ORES ASSETS FROM 1 JANUARY TO 22 JUNE 2017

Position	Remuneration amount	Frequency of payment of remuneration
Chairman of the Board of Directors	€21,500 gross per year + attendance fee of €538	Half-yearly (remuneration + attendance fee + mileage costs ^{**})
Vice-Chairman of the Board of Directors	€ 10,500 gross per year + attendance fee of €538	Half-yearly (remuneration + attendance fee + mileage costs ^{**})
Member of the Board of Directors	€ 5,400 gross per year + attendance fee of €538	Half-yearly (remuneration + attendance fee + mileage costs ^{**})

(*) weighted according to attendance rate - subject to attendance clause

(**) €0.3461/km

LEVEL OF REMUNERATION OF THE DIRECTORS OF ORES ASSETS FROM 22 JUNE 2017

All the directorships in ORES Assets are carried out free of charge, it being understood that the same people make up the Board of Directors of ORES scrl and are remunerated under that directorship according to the limits and provisions of the CDLD in this regard.

LIST OF NAMES – REMUNERATION AND ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF ORES ASSETS – FROM 1 JANUARY 2017 TO 22 JUNE 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARBEAUX	Cécile	Director	6	6	100	6,142.20
BORREMANS	Jean-Luc	Director	5	6	83.33	5,488.00
BOUVIEZ	Pol	Director	5	6	83.33	5,642.00
BULTOT	Claude	Director	6	6	100	6,327.00
CAFFONETTE	Yves	Director	6	6	100	6,222.00
CAPPE	Robert	Director	6	6	100	6,070.80
DE GHORAIN	Benoît	Director	6	6	100	6,201.00
DEBIEVE	Jean-Claude	Director	6	6	100	6,247.20
DEHU	Maurice	Director	6	6	100	6,054.00
DEMORTIER	Nathalie	Director	6	6	100	5,944.8
DENIS	Jean-Pierre	Director	5	6	83.33	5,680.5
DEVILERS	Cyprien	Chair	6	6	100	14,209.00
DONFUT	Didier	Chair from ORES scrl	6	6	100	3,228.00
EVARD	Philippe	Director	5	6	83.33	5,397.00
GAHOUCI	Latifa	Director	4	6	66.66	4,168.00
GILLIS	Alain	Director	6	6	100	5,991.00
GOISSE	Nicole	Director	4	6	66.66	4,151.20
LANGENDRIES	Benoît	Director	6	6	100	6,117.00
LASSEAUX	Stéphane	Director	6	6	100	6,234.60
MEURENS	Jean-Claude	Director	5	6	83.33	5,782.00
PALERMO	Vincent	Director	6	6	100	6,318.60
SCHUSTER	Guy	Director	6	6	100	6,612.60
SIEUX	Marc	Director	6	6	100	6,511.80
STAQUET	Danièle	Vice-Chair	5	6	83.33	8,136.00
STOFFELS	Heribert	Director	6	6	100	6,646.20
THIRY	Michel	Director	4	6	66.66	4,495.60
VAN HOUT	Florence	Director	6	6	100	6,230.40
WOLFF	Claudy	Director	4	6	66.66	4,509.60

LIST OF NAMES AND ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF ORES ASSETS – FROM 22 JUNE 2017 TO 31 DECEMBER 2017 – (NON-REMUNERATED DIRECTORSHIPS)

NB: as part of the mirror composition of the two Boards of Directors, the remunerated directorships for ORES scl are summarised in the following point "6.2. ORES scl's bodies".

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)
BARBEAUX	Cécile	Director	6	6	100
BERRENDORF	Bruno	Director	0	4	0
BINON	Yves	Director	6	6	100
BORREMANS	Jean-Luc	Vice-Chair	6	6	100
BULTOT	Claude	Director	6	6	100
BURNOTTE	Daniel	Director	5	6	83.33
CAFFONETTE	Yves	Director	5	6	83.33
CAPPE	Robert	Director	5	6	83.33
CATTALINI	Nathalie	Director	5	6	83.33
DE GHORAIN	Benoît	Director	4	6	66.66
DEBIEVE	Jean-Claude	Director	5	6	83.33
DEGUELDRE	Renaud	Director	6	6	100
DEMORTIER	Nathalie	Director	6	6	100
DESAMA	Claude	Director	3	6	50.00
DEVILERS	Cyprien	Chair	6	6	100
DONFUT	Didier	Director	6	6	100
DURANT	Raphaël	Director	6	6	100
GILLIS	Alain	Director	6	6	100
LANGENDRIES	Benoît	Director	6	6	100
LASSEAUX	Stéphane	Director	6	6	100
LEFEBVRE	Philippe	Director	2	2	100
MEDINGER	Georges	Director	2	2	100
MEURENS	Jean-Claude	Director	6	6	100
PALERMO	Vincent	Director	5	6	83.33
RIGAUX	Luc	Director	5	6	83.33
SIEUX	Marc	Vice-Chair	6	6	100
STAQUET	Danièle	Director	6	6	100
STOFFELS	Heribert	Director	6	6	100
VAN HOUT	Florence	Director	5	6	83.33
VEREECKE	Anne	Director	4	6	66.66
WOLFF	Claudy	Director	2	2	100

6.1.3 SECTOR COMMITTEES

From 1 January to 22 June 2017, ORES Assets had eight Sector Committees (ORES Walloon Brabant, ORES East, ORES Hainaut Electricity, ORES Hainaut Gas, ORES Luxembourg, ORES Mouscron, ORES Namur and ORES Verviers), made up of commune representatives proposed by the public authorities by virtue of article 21 or the company's articles of association. The total number of members of these eight committee represented 90 posts.

Responsibilities and local anchorage

At a session on 31 January 2017, ORES Assets' Board of Directors approved the bases of a reform including the removal of the Sector Committees on 1 July 2017. These Sector Committees, set up in 2013, were an essential stage in the process of rationalising ORES Assets' structures and governance. They had strong characteristics which justified their creation and which should be reiterated.

- 1) They held decision-making responsibilities in matters essential to the functioning and to the very business of the company. For example, the ability to present tariff proposals to the regulator and therefore the tariff which will effectively be paid by citizens or the ability to approve the multi-annual adaptation and investment plans.

- 2) The members of the Sector Committees had the status of representative of the company; they were therefore liable with regard to the decisions made.
- 3) The remuneration granted to representatives was directly connected to their actual attendance at meetings. Since 1 January 2017, the remuneration was made up solely of an attendance fee which, as its name indicates, was only granted if the Chairman, Vice-Chairman or representative was present at the meeting.
- 4) Given the decision-making abilities of the Sector Committees, these had to meet regularly in order to approve the main projects over which they had jurisdiction. During the first half of 2017, the Sector Committees met four times.
- 5) The composition and functioning of these committees has always been completely transparent.

TERMS FOR REMUNERATED THE POSTS HELD ON SECTOR COMMITTEES FROM 1 JANUARY TO 22 JUNE 2017

Position	Remuneration amount
Chairman of the Sector Committee	attendance fee of € 300
Vice-chairman of the Sector Committee	attendance fee of € 250
Member of the Sector Committee	attendance fee of € 150

Independently of the remuneration, mileage expenses is granted to post holders up to €0.3461 per kilometre.

LIST OF NAMES – REMUNERATION AND ATTENDANCE AT MEETINGS OF THE SECTOR COMMITTEES OF ORES ASSETS – FROM 1 JANUARY 2017 TO 22 JUNE 2017

NB: the Sector Committees automatically became obsolete following the modifications to the memorandum and articles of association resulting from the deliberations of the General Meeting of 22 June 2017.

LAST NAME	FIRST NAME	POSITION	ATTENDANCES	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNTS (IN €)
ORES Walloon Brabant						
COURONNE	Gérard	Chair	4	4	100	1,284.00
GYRE	André	Vice-chair	2	4	50	525.20
ZOCASTELLO	Jean-Marc	Vice-Chair	2	4	50	564.40
BURNOTTE	Daniel	Member	2	4	50	336.40
DEMORTIER	Nathalie	Member	3	4	75	467.85
DISPA	Pascal	Member	4	4	100	642.00
FAYT	Christian	Member	2	4	50	358.80
GILLIS	Alain	Member	4	4	100	600.00
HAGNOUL	René	Member	4	4	100	686.80
KALUT	Valéry	Member	3	4	75	504.60
MASSON	Laurent	Member	3	4	75	492.00
SCOURNEAU	Vincent	Member	0	4	0	-
ORES East						
STOFFELS	Heribert	Chair	4	4	100	1,298,00
AUDENAERD	Otto	Vice-Chair	3	4	75	762,60
HEEREN	Christoph	Vice-Chair	4	4	100	1,036,40
CRASSON	Laurent	Member	4	4	100	678,40
GENTEN	Arthur	Member	4	4	100	604,20
WIMMER	Thierry	Member	3	4	75	489,90
Took part in meetings of the ORES East Committee as observers – non-remunerated						
FRANZEN	Erwin	Observer	4	4	100	Not applicable
KAYNAK	Ersel	Observer	3	4	75	Not applicable
KRINGS	Christian	Observer	3	4	75	Not applicable
MARAITE	Joseph	Observer	3	4	75	Not applicable
MERTES	Norber	Observer	3	4	75	Not applicable
OHN	Jean	Observer	3	4	75	Not applicable

LAST NAME	FIRST NAME	POSITION	ATTENDANCES	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNTS (IN €)
ORES Hainaut Electricity						
BORREMANS	Jean-Luc	Chair	4	4	100	1,292.40
LEPINE	Jean-Pierre	Vice-Chair	4	4	100	1,072.80
SEMPO	Maxime	Vice-Chair	2	4	50	537.80
DAMEE	Véronique	Member	0	4	0	-
DEGHORAIN	Benoît	Member	2	4	50	321.00
DEVILLERS	François	Member	2	4	50	329.40
DURANT	Raphaël	Secretary	4	4	100	3,125.00
FLAMENT	Guy	Member	3	4	75	485.70
MAGHE	Nathalie	Member	1	4	25	164.70
ROSSI	Bruno	Member	0	4	0	-
STAQUET	Danièle	Member	2	4	50	304.90
UYSTPRUYST	Sylvain	Member	4	4	100	776.40
VAN DYCK	Bernard	Member	4	4	100	692.40
VAN HOOLAND	Michaël	Member	3	4	75	466.80
VANDAMME	Jean-Philippe	Member	4	4	100	670.00
VECHE	Pierre	Member	4	4	100	807.20
ORES Hainaut Gas						
BOUVIEZ	Pol	Chair	4	4	100	1,270.00
CASAERT	Léon	Vice-Chair	4	4	100	1,070.00
DEVILERS	Fabienne	Vice-Chair	1	4	25	272.40
BOITTE	Marc	Member	0	4	0	-
COSYNS	Carine	Member	3	4	75	519.30
DE BON	Frédéric	Member	2	4	50	356.00
DELPLANQUE	Jean-Pierre	Member	0	4	0	-
DOEM	Léon-Henri	Member	3	4	75	513.00
DOUCY	Laurent	Member	4	4	100	731.60
DURANT	Raphaël	Secretary	4	4	100	3,125.00
GODIN	Jean	Member	3	4	75	462.60
HEMBISE	Philippe	Member	4	4	100	675.60
JADOT	Dominique	Member	4	4	100	745.60
MATHIEU	Olivier	Member	4	4	100	675.60
PREAUX	Daniel	Member	2	4	50	370.00
VERSLYPE	Marc	Member	1	4	25	161.90

LAST NAME	FIRST NAME	POSITION	ATTENDANCES	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNTS (IN €)
ORES Luxembourg						
SCHUSTER	Guy	Chair	4	4	100	1,365.20
KIRSCH	Roger	Vice-Chair	3	4	75	884.40
MOUZON	Christoph	Vice-Chair	4	4	100	1,028.70
BALON	André	Member	4	4	100	766.60
BARTHELEMY	Olivier	Member	4	4	100	713.40
CHARLIER-GUILLAUME	Marcelle	Member	4	4	100	764.50
COLLIN	Jean-François	Member	4	4	100	600.00
DEVILLET	Jean-Marc	Member	4	4	100	729.50
DULON	Olivier	Member	0	4	0	-
PAUL	Claude	Member	4	4	100	667.90
RACOT	Charles	Member	4	4	100	715.50
ROISEUX	Dominique	Member	4	4	100	634.30
ORES Mouscron						
SIEUX	Marc	Chair	4	4	100	1,207.00
DELPORTE	Marianne	Vice-Chair	3	4	75	766.80
D'HAENE	Marc	Member	2	4	50	325.20
FRANCEUS	Michel	Member	4	4	100	600.00
LECLERCQ	Christian	Member	4	4	100	630.80
MAHIEU	Eric	Member	4	4	100	633.60
VERZELE	Philippe	Member	2	4	50	308.40
VYNCKE	Ruddy	Member	0	4	0	-
ORES Namur						
LASSEAUX	Stéphane	Chair	4	4	100	1,303.60
BULTOT	Claude	Vice-Chair	4	4	100	1,140.00
CHABOTEAUX	André	Vice-Chair	4	4	100	1,193.20
ANSELME	Olivier	Member	4	4	100	600.00
AUSPERT	Tanguy	Member	4	4	100	628.00
BARBEAUX	Cécile	Member	4	4	100	658.80
CAPPE	Robert	Member	3	4	75	485.70
DEWART	Roger	Member	4	4	100	656.00
GRANDJEAN	Julien	Member	2	4	50	405.00
NIHOUL	Jean-Claude	Member	4	4	100	656.00
TOUSSAINT	Valère	Member	4	4	100	656.00
TUMERELLE	Christophe	Member	3	4	75	534.00

LAST NAME	FIRST NAME	POSITION	ATTENDANCES	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNTS (IN €)
ORES Verviers						
PIRONNET	Marie-Christine	Chair	4	4	100	1.222.40
AYDIN	Hasan	Vice-Chair	4	4	100	1.002.80
D'OULTREM-ONT	Didier	Vice-Chair	4	4	100	1.042.00
DELLICOUR	Jean-Pol	Member	4	4	100	622.40
GOFFIN	André	Member	4	4	100	656.00
MESTREZ	Éric	Member	4	4	100	614.00
PIRON	Bernard	Member	4	4	100	616.80
VAN DE WAUWER	Jean-Pierre	Member	4	4	100	605.60



6.2. ORES SCRL'S BODIES

6.2.1 BOARD OF DIRECTORS

The Board of Directors is the company's decision-making body, except in matters reserved for the Annual General Meeting by law, decree or the articles of association. Its main objective is to ensure the company's long-term success in complying with the interests of all the stakeholding third parties essential to the attainment of this objective, namely the shareholders, staff, customers, suppliers and other creditors.

With this in mind, the Board of Directors identifies the strategic challenges and the risk to which the company is exposed, defines the company's values, its strategy, the level of risk which it accepts to take and its key policies, and controls the course of business.

From 1 January 2017 to 22 June 2017, ORES scrl's Board of Directors comprised 16 directorships and the Chief Executive Officer and it met 7 times.

From 22nd June to 31 December 2017, ORES scrl's Board of Directors, due to the governance reform and the mirror composition of the Boards of Directors of ORES scrl and ORES Assets which resulted therefrom, was made up of 31 directorships (including the additional directorship for the Popular Party pursuant to article L 1523-13) as well as the Chief Executive Officer and it met 6 times.

In addition, the members of ORES scrl's Board of Directors sat on the company's management and audit committees – an offshoot of the Board of Directors – and these posts are also remunerated.

These committees are:

1) **The Executive and Strategic Committee which became – since the reform of 22 June 2017 – the Executive Bureau.**

This Committee is responsible for preparing the decisions of the Board of Directors on any matter relating to the strategic and confidential tasks listed in the Gas and Electricity decree of 12 April 2001 and 19 December 2002, on presentation of

documentation by the Chair of the Management Committee (or Chief Executive) and on his or her proposal.

From 1 January 2017 to 22 June 2017, it comprised 9 members and the Chief Executive Officer and it met 5 times. From 22 June 2017 to 31 December 2017, ORES scrl's Bureau comprised 8 directorships and the Chief Executive Officer and it met 4 times.

2) **Appointment and Remuneration Committee**

The principles and rules relating to the remuneration paid to the company's directors, members of the different Management and Supervisory Boards, as well as the Chief Executive and his or her Management Committee are defined by ORES scrl's Appointment and Remuneration Committee.

From 1 January 2017 to 22 June 2017, it comprised 5 members and it met 3 times. From 22 June 2017 to 31 December 2017, ORES scrl's Appointment and Remuneration Committee comprised 5 directorships and it met 2 times.

3) **Audit Committee**

Its task is to assist the Board of Directors by providing it with opinions about the company's accounts but also on the internal audit system, the internal audit programme, and the conclusions and recommendations made by this internal audit in reports. The audit committee is composed solely of non-executive and self-employed directors. From 1 January 2017 to 22 June 2017, it comprised 5 members and it met once. From 22 June 2017 to 31 December 2017, ORES scrl's Audit Committee comprised 5 directorships and it met twice.

4) **Ethics Committee**

The ethics committee was a body composed of 5 directors, responsible for checking that the company's staff and directors complied with the rules relating to the confidentiality of personal and business information. It met once last year and became obsolete automatically following the modifications to the memorandum and articles of association in June 2017.

LEVEL OF REMUNERATION OF THE DIRECTORS OF ORES SCRL FROM 1 JANUARY TO 22 JUNE 2017

Position	Remuneration amount	Remuneration amount
Chairman of the Board of Directors	€ 22,283.09 gross per year + attendance fee of € 1,115.75	Half-yearly (remuneration + attendance fee + mileage costs)
Vice-Chairman of the Board of Directors	€ 11,141.54 gross per year + attendance fee of € 892,60	Half-yearly (remuneration + attendance fee)
Member of the Board of Directors not carrying out a specific function	€ 5,570.78 gross per year + attendance fee of € 557.87	Half-yearly (remuneration + attendance fee)

LEVEL OF REMUNERATION OF THE DIRECTORS OF ORES SCRL FROM 22 JUNE 2017

As a reminder: since 22 June 2017, the inter-municipal company ORES Assets and its subsidiary, ORES scrl, have had a “mirror” Board of Directors. As a result, the same people are part of both Boards; they are remunerated for only one of these two directorships (in this case, in ORES scrl) according to their actual attendance at meetings and in accordance with the remuneration limits laid down by the *Code de la Démocratie locale et de la Décentralisation* (CDLD - Local Democracy and Decentralisation Code), the other directorship (in ORES Assets) being carried out for no remuneration.

Position	Remuneration amount	Frequency of payment of remuneration
Chairman of the Board of Directors	€24,996.43 gross per year	Half-yearly (remuneration weighted according to attendance*+ mileage costs**)
Vice-Chairman of the Board of Directors	€18,747 gross per year	Half-yearly (remuneration weighted according to attendance*+ mileage costs**)
Chairman of the Executive Bureau and Committees	€14,997 gross per year	Half-yearly (remuneration weighted according to attendance*+ mileage costs**)
Member of the Board of directors; the Executive bureau and Committees	Attendance fee of €163.07	(attendance fee + mileage costs**)

(*) weighted according to attendance rate - subject to attendance clause, the terms of which are as follows:

- the annual payment is granted in full if the aforementioned representative is present at 80 % of the sessions of management bodies.
- the remuneration is reduced by 10 % if the representative is present at less than 80 % of the meetings of management bodies.
- if presence at meetings of management bodies is less than 70 % or 50 %, the deduction then amounts to 30 % or 60% respectively.

The reference period for calculating the presence of the directors concerned is twelve months.

(**) € 0.35/km

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE BOARD OF DIRECTORS OF ORES SCRL – FROM 1 JANUARY 2017 TO 22 JUNE 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARTH	Denis	Director	7	7	100.00	6,735.60
BINON	Yves	Director	6	7	85.71	6,173.24
BURNOTTE	Daniel	Director	7	7	100.00	6,735.60
COLLARD	Fabian	Director	7	7	100.00	6,735.60
DEBOIS	Marc	Director	7	7	100.00	6,735.60
DEGUELDRE	Renaud	Director	5	7	71.43	5,610.88
DESAMA	Claude	Director	7	7	100.00	6,735.60
DISTER	Christophe	Vice-Chair	5	7	71.43	10,100.66
DONFUT	Didier	Chair	7	7	100.00	19,087.35
FICHEROULLE	Paul	Director	6	7	85.71	6,177.73
GRIFNÉE	Fernand	Chief Executive	7	7	100.00	not applicable
KNAEPEN	Philippe	Director	4	4	100.00	3,174.00
LESPAGNARD	Bertrand	Director	5	7	71.43	5,619.86
PETIT	Guy	Director	7	7	100.00	6,735.60
RIGAUX	Luc	Director	6	7	85.71	1,454.42 ²
SIEUX	Marc	Director	7	7	100.00	6,735.60
VEREECKE	Anne	Vice-Chair	7	7	100.00	11,900.22

² i.e. €6,173.24 from which €4,718.82 deducted for recovery of the 2016 amounts – Mr Rigaux having waived remuneration for his Chairmanship of the Ethics Committee.

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE EXECUTIVE AND STRATEGIC COMMITTEE OF ORES SCRL – FROM 1 JANUARY 2017 TO 22 JUNE 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARTH	Denis	Director	5	5	100.00	1,403.66
BURNOTTE	Daniel	Director	5	5	100.00	1,403.66
DEBOIS	Marc	Director	5	5	100.00	1,403.66
DEGUELDRE	Renaud	Director	4	5	80.00	1,122.48
DESAMA	Claude	Director	5	5	100.00	1,403.66
DISTER	Christophe	Director	3	5	60.00	841.30
DONFUT	Didier	Chair	5	5	100.00	4,211.72
LESPAGNARD	Bertrand	Director	4	5	80.00	1,124.72
VEREECKE	Anne	Vice-Chair	5	5	100.00	1,403.66

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF ORES SCRL – FROM 1 JANUARY 2017 TO 22 JUNE 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BINON	Yves	Chair	1	1	100.00	2,155.70
COLLARD	Fabian	Director	2	2	100.00	562.36
DEBOIS	Marc	Director	2	2	100.00	562.36
KNAEPEN	Philippe	Chair	1	1	100.00	1,214.72
PETIT	Guy	Director	2	2	100.00	562.36
SIEUX	Marc	Director	2	2	100.00	562.36

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE AUDIT COMMITTEE OF ORES SCRL – FROM 1 JANUARY 2017 TO 22 JUNE 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARTH	Denis	Chair	1	1	100,00	3,089.24
BINON	Yves	Director	1	1	100,00	281.18
DEGUELDRE	Renaud	Director	0	1	0,00	-
RIGAUX	Luc	Director	0	1	0,00	-

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE ETHICS COMMITTEE OF ORES SCRL – FROM 1 JANUARY 2017 TO 22 JUNE 2017

NB: the Ethics Committees automatically became obsolete following the modifications to the memorandum and articles of association resulting from the deliberations of the General Meeting of 22 June 2017.

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BINON	Yves	Director	1	1	100.00	281.18
BURNOTTE	Daniel	Director	1	1	100.00	281.18
FICHEROULLE	Paul	Director	1	1	100.00	281.18
RIGAUX	Luc	Chair	1	1	100.00	281.18 ³
SIEUX	Marc	Director	1	1	100.00	281.18

³ Mr Rigaux having waived remuneration for his Chairmanship of the Ethics Committee in favour of an attendance fee like the members of the Committee.

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE BOARD OF DIRECTORS OF ORES SCRL – FROM 22 JUNE 2017 TO 31 DECEMBER 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARBEAUX	Cécile	Director	6	6	100.00	1,170.57
BERRENDORF	Bruno	Director	0	2	0.00	-
BINON	Yves	Director	6	6	100.00	1,236.72
BORREMANS	Jean-Luc	Vice-Chair	6	6	100.00	9,506.15
BULTOT	Claude	Director	6	6	100.00	1,313.02
BURNOTTE	Daniel	Director	5	6	83.33	904.25
CAFFONETTE	Yves	Director	5	6	83.33	1,050.55
CAPPE	Robert	Director	5	6	83.33	916.50
CATTALINI	Nathalie	Director	5	6	83.33	1,002.60
DE GHORAIN	Benoît	Director	4	6	66.66	830.78
DEBIEVE	Jean-Claude	Director	5	6	83.33	1,086.95
DEGUELDRE	Renaud	Director	6	6	100.00	1,227.62
DEMORTIER	Nathalie	Director	6	6	100.00	854.55
DESAMA	Claude	Director	3	6	50.00	720.21
DEVILERS	Cyprien	Chair	6	6	100.00	12,719.07
DONFUT	Didier	Director	6	6	100.00	1,320.72
DURANT	Raphaël	Director	6	6	100.00	1,268.22
GILLIS	Alain	Director	6	6	100.00	930.85

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE BOARD OF DIRECTORS OF ORES SCRL – FROM 22 JUNE 2017 TO 31 DECEMBER 2017 (CONTINUATION)

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
GRIFNÉE	Fernand	Chief Executive	6	6	100.00	not applicable
LANGENDRIES	Benoît	Director	6	6	100.00	1,184.92
LASSEAUX	Stéphane	Director	6	6	100.00	1,278.72
LEFEBVRE	Philippe	Director	2	2	100.00	452.14
MEDINGER	Georges	Director	2	2	100.00	557.14
MEURENS	Jean-Claude	Director	6	6	100.00	1,436.92
PALERMO	Vincent	Director	5	6	83.33	1,146.45
RIGAUX	Luc	Director	5	6	83.33	1,170.95
SIEUX	Marc	Vice-Chair	6	6	100.00	9,966.40
STAQUET	Danièle	Director	6	6	100.00	1,209.42
STOFFELS	Heribert	Director	6	6	100.00	1,685.42
VAN HOUT	Florence	Director	5	6	83.33	1,067.35
VEREECKE	Anne	Director	4	6	66.66	652.28
WOLFF	Claudy	Director	2	2	100.00	559.94

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE EXECUTIVE BUREAU OF ORES SCRL – FROM 22 JUNE 2017 TO 31 DECEMBER 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BURNOTTE	Daniel	Director	4	4	100.00	820.28
DEGUELDRE	Renaud	Director	4	4	100.00	862.28
DEVILERS	Cyprien	Director	3	4	75.00	493.41
DONFUT	Didier	Chair	4	4	100.00	7,680.50
DURANT	Raphaël	Director	4	4	100.00	708.28
GILLIS	Alain	Director	4	4	100.00	755.88
SIEUX	Marc	Vice-Chair	4	4	100.00	1,002.28
VEREECKE	Anne	Director	4	4	100.00	652.28

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF ORES SCRL – FROM 22 JUNE 2017 TO 31 DECEMBER 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BINON	Yves	Director	1	1	100.00	207.17
CAPPE	Robert	Director	0	1	0.00	0.00
LANGENDRIES	Benoît	Director	1	1	100.00	194.57
STAQUET	Danièle	Chair	1	1	100.00	2,832.46
STOFFELS	Heribert	Director	1	1	100.00	284.87

LIST OF NAMES, ATTENDANCE AND REMUNERATION AT MEETINGS OF THE AUDIT COMMITTEE OF ORES SCRL – FROM 22 JUNE 2017 TO 31 DECEMBER 2017

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BULTOT	Claude	Director	2	2	100.00	396.14
GILLIS	Alain	Director	1	2	50.00	207.87
LASSEAUX	Stéphane	Chair	2	2	100.00	1,302.95
LEFEBVRE	Philippe	Director	1	2	50.00	205.07
VAN HOUT	Florence	Director	1	2	50.00	225.37

6.2.2 MANAGEMENT COMMITTEE

The management of the company is entrusted to the Executive Board, made up as at 31 December 2017 of the Chief Executive Officer, who chairs the Committee, and 9 other members.

The Chief Executive Officer exercises the executive functions of the company under self-employed status. ORES does not permit executive functions to be carried out within the company. He is subject to tax on natural persons; the amount of his remuneration is similar to a turnover and all of the Social Security expenses related to his remuneration are incumbent upon him.

The remuneration granted to the Chief Executive Officer consists of the following items:

- basic remuneration (fixed)
- remuneration linked to performance according to the achievements of fixed annual targets with a short-term (target 45%) and long-term (target 15%) variable
- A set of benefits applicable to the sector and substantially similar to those allocated to members of the Executive Board (group insurance plan, representation costs, vehicle, medical coverage).

For services provided in 2017, remuneration granted to the Chief Executive Officer was as follows:

	Total gross amount allocated for 2017 (€)
Fixed basic remuneration (as at 31 December 2017)	279,985
Variable short-term (target 45%) annual remuneration earned for the year 2017	126,985
Variable long-term (target 15%) annual remuneration earned for the year 2017	42,196.33

The total amount of the remuneration of the nine other members of the Executive Board as at 31 December 2017, for services provided in the past financial year, is as follows:

	Total gross amount allocated in 2017 (€)
Basic remuneration (as at 31 December 2017)	1,562,347*
Annual variable remuneration earned for the year 2017	296,261*

* These amounts include the annual salary of 2 members of Management who joined the team on 1 July 2017. These salaries have not been prorated. The same procedure has been used for the bonus amounts

The members of the Executive Board also benefit from all the advantages fixed by the sector, following the example of all of the executives of the company.

6.3. DIRECTOR TRAINING

In accordance with the provisions of article L 1532-1bis of the CDLD, training cycles for directors were organised in 2017 for the purposes of ensuring the development and update of the professional skills of the directors.

The 2017 training cycles were related to finance and the accounting of the inter-municipal companies on 3 themes:

- Accounting basics – reading the accounts;
- Tariff aspects
- Inter-municipal company Accounting – special features – and IFRS

Beyond the impositions that the CDLD makes on the organisation, these training sessions and the participation of the directors in them, it is apparent that the rate of participation reflects the strong involvement of the members of the Board

Participation in these training courses is not remunerated. However, mileage expenses of €0.3461 per kilometre is granted.

LAST NAME	FIRST NAME	POSITION	ACTUAL ATTENDANCE AT MEETINGS	NUMBER OF MEETINGS	PRESENCE (AS A %AGE)	GROSS AMOUNT RECEIVED (IN €)
BARBEAUX	Cécile	Director	3	3	100.00	106.05
BERRENDORF	Bruno	Director	2	3	66.66	159.60
BINON	Yves	Director	3	3	100.00	132.30
BORREMANS	Jean-Luc	Vice-Chair	3	3	100.00	68.25
BULTOT	Claude	Director	2	3	66.66	119.00
BURNOTTE	Daniel	Director	3	3	100.00	52.50
CAFFONETTE	Yves	Director	2	3	66.66	98.00
CAPPE	Robert	Director	2	3	66.66	47.60
CATTALINI	Nathalie	Director	3	3	100.00	119.70
DE GHORAIN	Benoît	Director	excused	3	0.00	0.00
DEBIEVE	Jean-Claude	Director	1	3	33.33	53.20
DEGUELDRE	Renaud	Director	2	3	66.66	89.60
DEMORTIER	Nathalie	Director	3	3	100.00	8.40
DESAMA	Claude	Director	2	3	66.66	154.00
DEVILERS	Cyprien	Chair	3	3	100.00	115.50
DONFUT	Didier	Director	3	3	100.00	168.00
DURANT	Raphaël	Director	excused	3	0.00	0.00
GILLIS	Alain	Director	3	3	100.00	56.70
LANGENDRIES	Benoît	Director	3	3	100.00	94.50
LASSEAUX	Stéphane	Director	3	3	100.00	163.80
LEFEBVRE	Philippe	Director	3	3	100.00	189.00
MEDINGER	Georges	Director	2	3	66.66	231.00
MEURENS	Jean-Claude	Director	1	3	33.33	78.40
PALERMO	Vincent	Director	3	3	100.00	195.30
RIGAUX	Luc	Director	3	3	100.00	212.10
SIEUX	Marc	Vice-président	3	3	100.00	294.00
STAQUET	Danièle	Director	2	3	66.66	77.00
STOFFELS	Heribert	Director	3	3	100.00	365.40
VAN HOUT	Florence	Director	3	3	100.00	151.20
VEREECKE	Anne	Director	excused	3	0.00	0.00
WOLFF	Claudy	Director	2	3	66.66	233.80

Contacts

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Customer service: 078/15.78.01
Technical assistance: 078/78.78.00
Emergency smell of gas: 0800/87.087