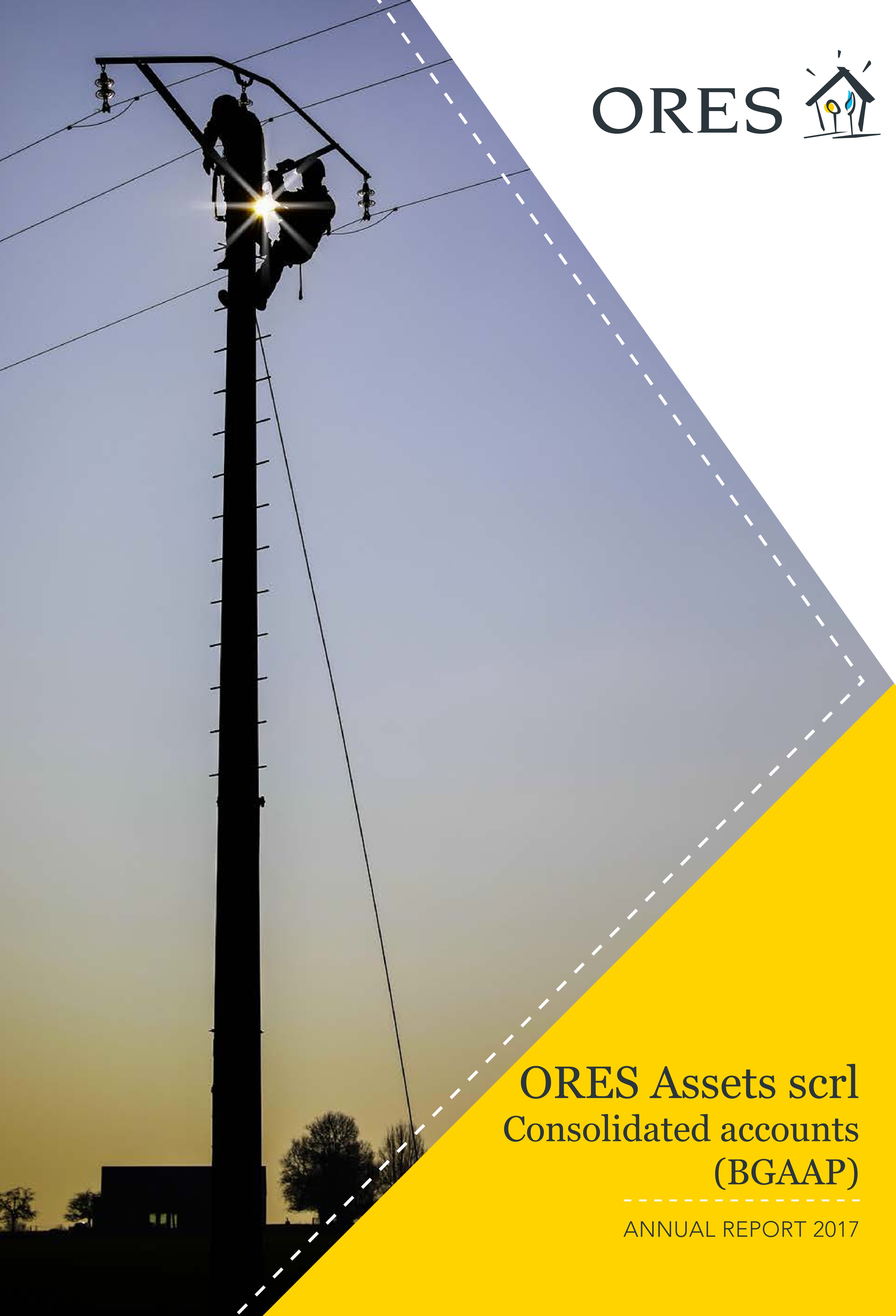
ORES



ORES Assets scrl
Consolidated accounts (BGAAP)

ANNUAL REPORT 2017

ORES Assets scrl

Consolidated accounts (BGAAP)

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 10 January 2014 under number 14012014.

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 2017-07-18/0104150.

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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 were 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 benefits concluded 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 Devilers
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, 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.

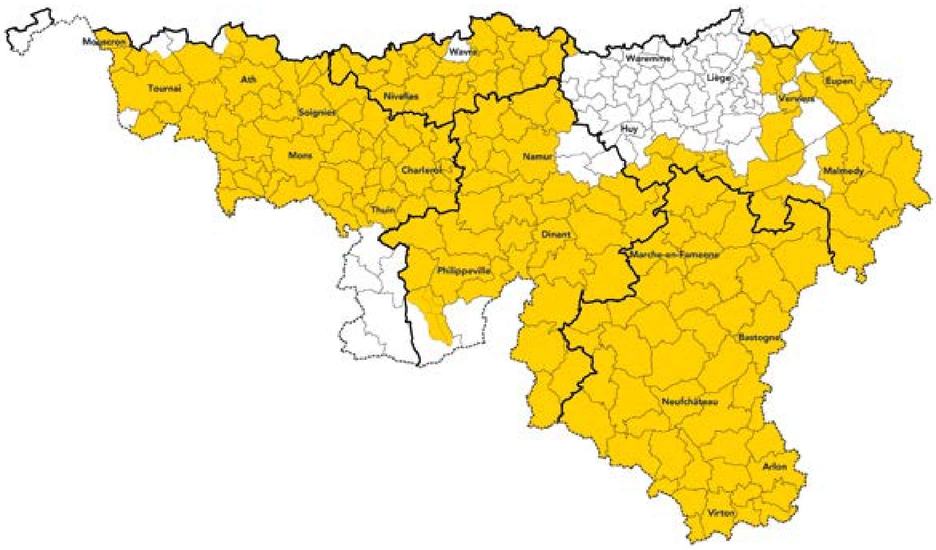
In 2017, ORES invested €262 million (gross) in the distribution networks and entrusted more than €400 million turnover to some 1,400 subcontracting and supplier companies.

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.

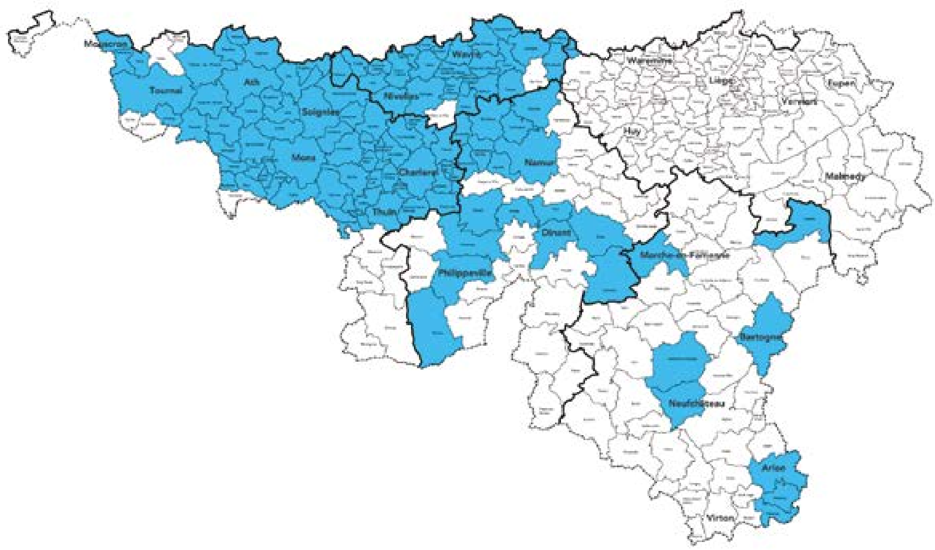
ORES is active in more than 75% of Walloon's territory. Our areas of business activity as DSO cover all the communes appearing on the coloured part on the two maps below. The first in yellow concerns electricity distribution, the second in blue concerns natural gas distribution. ORES' teams do not operate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

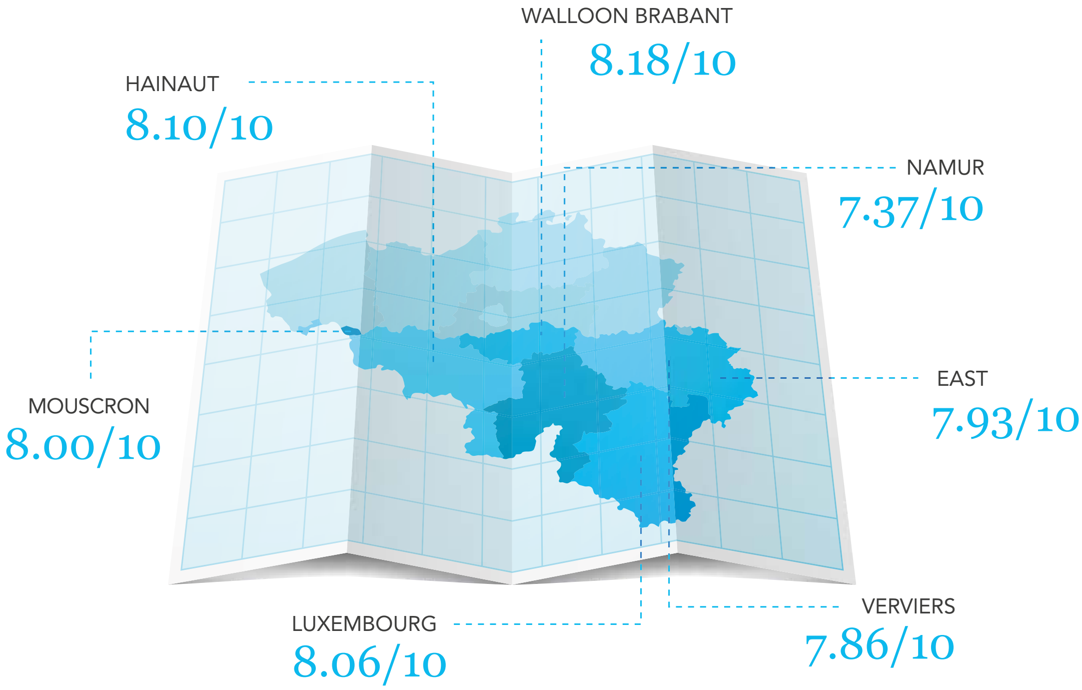
The launch of the POWALCO online portal, in collaboration with other cable and pipeline operators, will enable better coordination in order to put an end to multiple roadworks. The objective is three-fold: customer comfort, worker safety and cost optimisation.

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).

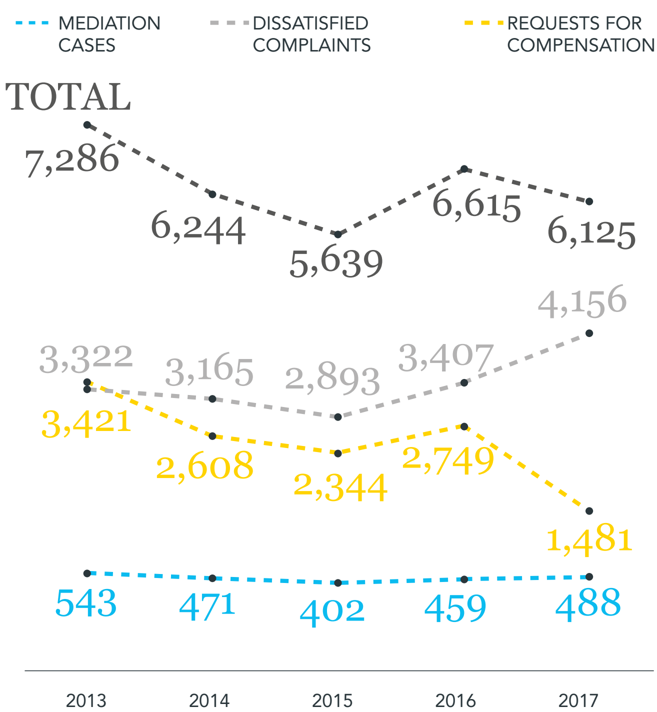
A new online "chat" on ORES' website gives customers the possibility of putting questions to the company's advisers directly. At the same time, 10 educational videos have been broadcast on social media in order to give a simple and fun presentation of the procedures to follow for carrying out preparatory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

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.

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.

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

1 January

In accordance with the agreement protocol concluded in 2011, the technical use of the electrical grids of the City of Liège and the legal liability that accompanies it were entrusted to RESA on 1 January. The operation will end definitively on 29 June, with the transfer to RESA of all aspects related to the management of the contract and the socially protected customer base.

14 January

ORES finalised the takeover of the operation of the electrical grid and public lighting in three localities in the commune of Frasnes-lez-Anvaing, up till then affiliated to the Gaselwest inter-municipal company (Eandis).

12 June

ORES' Chief Executive Officer, Fernand Grifnée, answered the questions of members of the Walloon Parliament Energy Commission. These concerned the company, its structures, its governance and the conditions under which ORES Assets' public shareholders purchased 25% of Electrabel's shares in the company still held by the private partner at the end of 2016. A few months later, the interim report submitted by the Commission concluded unambiguously that neither ORES nor its shareholders could be criticised for anything in this case.

22 June

ORES' group Annual General Meetings were held in Namur. On this occasion, the Walloon Cities and Communes reasserted their confidence in ORES by approving its annual financial statements by very large majorities. The Group's reforms to its memorandum and articles of association were also adopted in order to meet the new requirements of the *Code de la Démocratie Locale et de la Décentralisation* (Local Democracy and Decentralisation Code).

18 July

The Walloon Energy Market Regulator (the CWaPE) adopted its tariff methodology for the period 2019 to 2023. This is the first methodology determined from rules that are specific to Wallonia. The modus operandi is changing since the regional regulator has decided to set an overall budget which caps prices, and therefore the resources available to system operators to carry out their tasks. Another new item in this 2019-2023 version: the "prosumer" tariff which will make the owners of solar panels contribute to the distribution network costs. This new measure shall enter into force on 1 January 2020.

14 September

The new Walloon Government, formed during the summer, approved the modification of the PSO order relating to public lighting. This major decision will allow a complete modernisation of communal public lighting stock. By 2030, the 440,000 lamps located in the area where ORES is active should therefore switch to LED or to a technology which is as high-performance and sustainable.

2 October

The Economy SPF launched the communication campaign relating to the switch from lean gas to rich gas for 1.6 million households in Belgium. This transition, related to the stopping of exports of lean gas (that is, gas with a low calorific value) by the Netherlands in 2030, affects Flanders, Brussels and Wallonia to a lesser extent. Approximately 30 communes located in the area where ORES is active – approximately 110,000 customers – are also affected. Their conversion to rich gas is planned from 2019 to 2024.

26 October

Approval by the Walloon Government on first reading of a preliminary draft amendment to the electricity and gas decrees concerning the governance and tasks of distribution system operators, which specifically confirms the relevance of the DSO model focused on its regulated activities monitored by ORES.

20 November

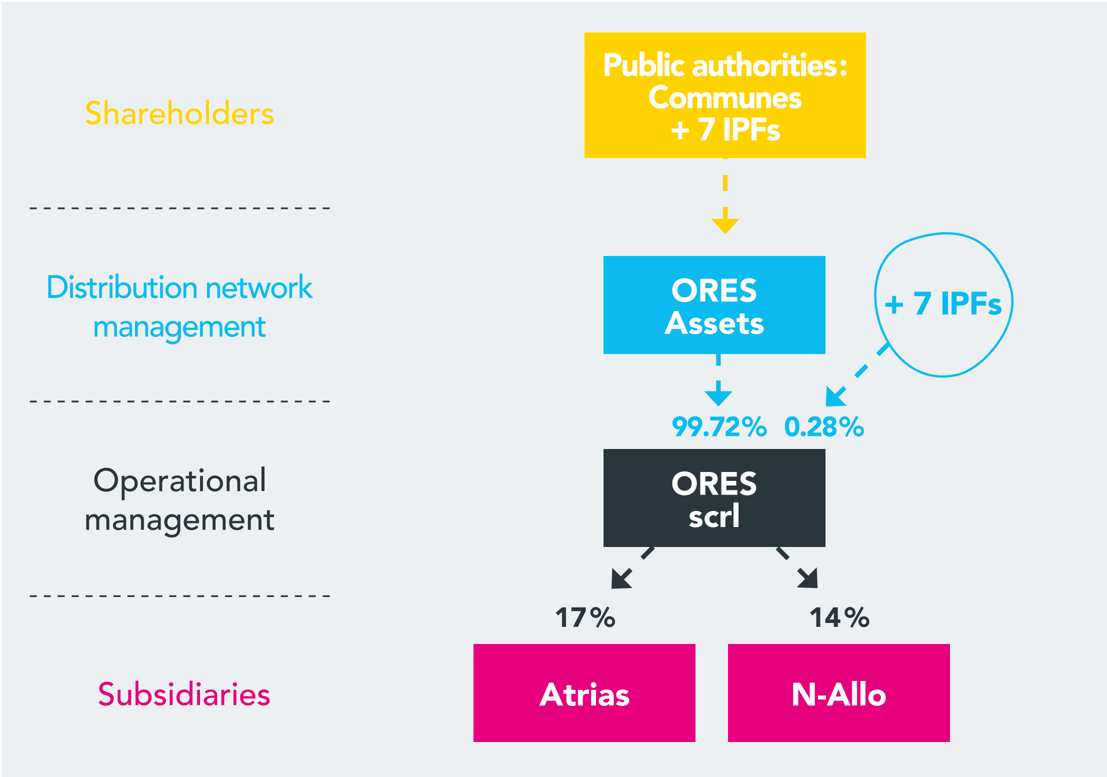
ORES receives the building permit needed to build its future Technical Centre in Strépy-Bracquegnies. By 2019, several of the business's departments will come together there as part of the support for the deployment of smart meters.

21 December

On the occasion of the Group's Annual General meetings, the shareholders approved the operation to take over the management of the electrical grid for the four communes in Walloon Brabant which were still managed by PBE/Infrax, the Flemish inter-municipal company. Chastre, Incourt, Perwez and Villers-la-Ville join ORES on 1 January 2018 and their inhabitants will therefore benefit from more advantageous distribution tariffs.. The complete takeover of the operation activities is planned for 1 September 2018.

2.5. THE ORES ECONOMIC GROUP

2.5.1. SHAREHOLDERS AS AT 31/12/2017

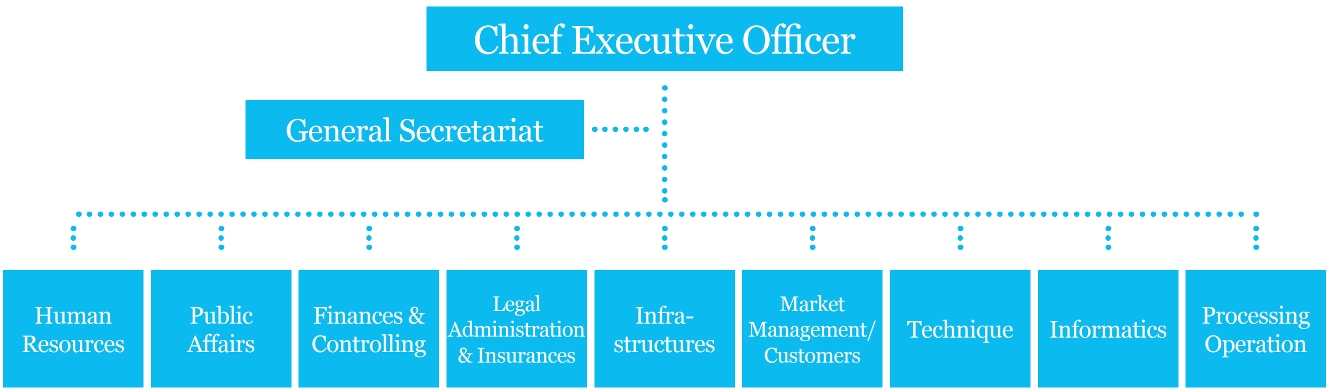


ORES Assets is an inter-municipal company governed by Belgian law that has taken the form of a *société coopérative à responsabilité limitée* [cooperative company with limited liability]. It was incorporated on 31 December 2013 following the merger of the eight former Walloon distribution service operators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

1,313,461 customers

49,188 km of distribution networks

1,365,267 points of supply

11,025,372 MWh distributed over the networks

23,415 protected customers supplied by ORES

44,961 active budget meters

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
MEDIUM VOLTAGE	in hours	in hours
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.

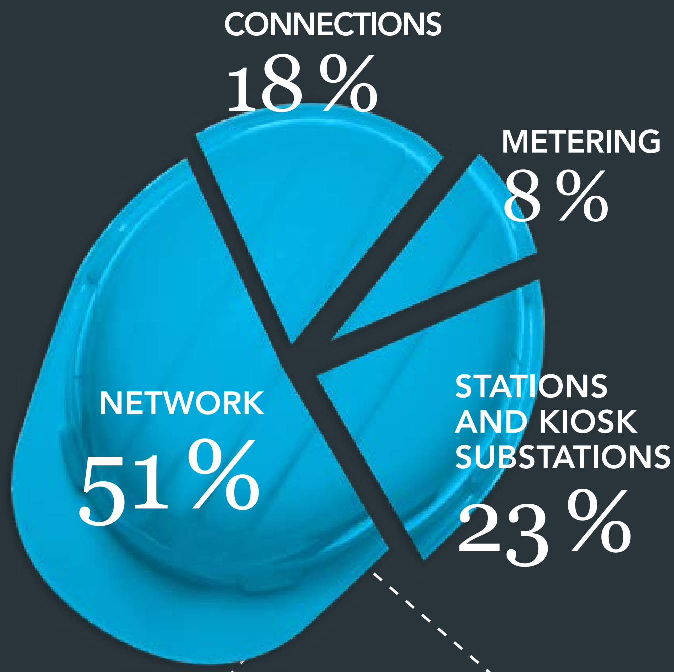
Investment shall also take into account the work carried out as part of the public service obligations entrusted to the company. More than 8,650 budget meters were therefore fitted last year by ORES at the request of suppliers – as against slightly less than 6,000 the year before – at the homes of customers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

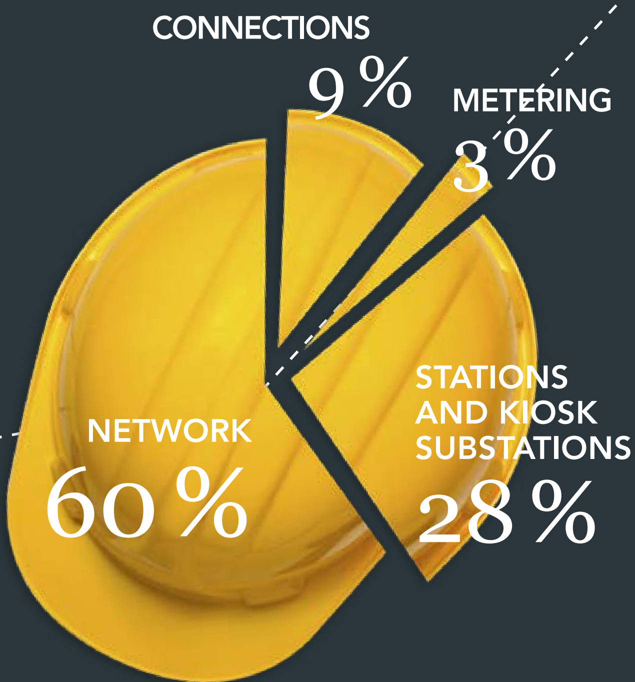
DETAILS OF INVESTMENTS BY SECTOR

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

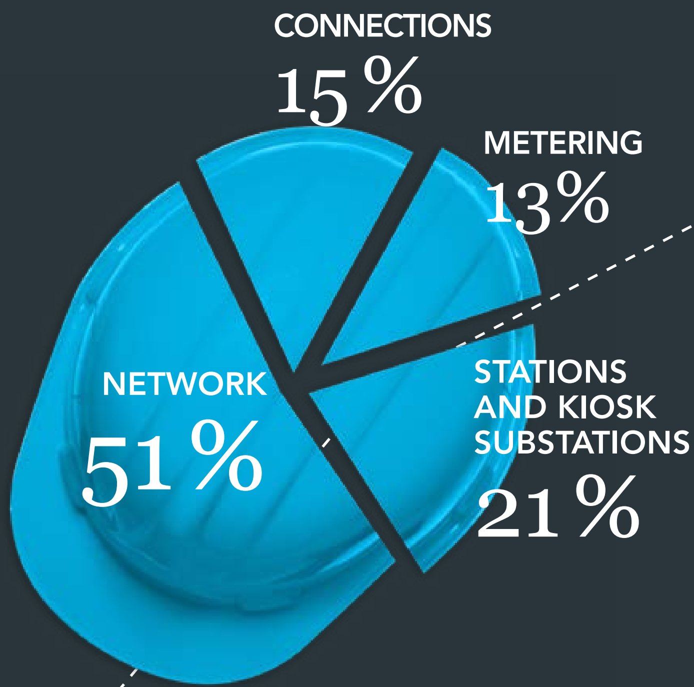
The amount of works in the Eastern sector for 2017 amounts to €11.90 million (as against €12.31 million in 2016). These works have in particular enabled the following operations:

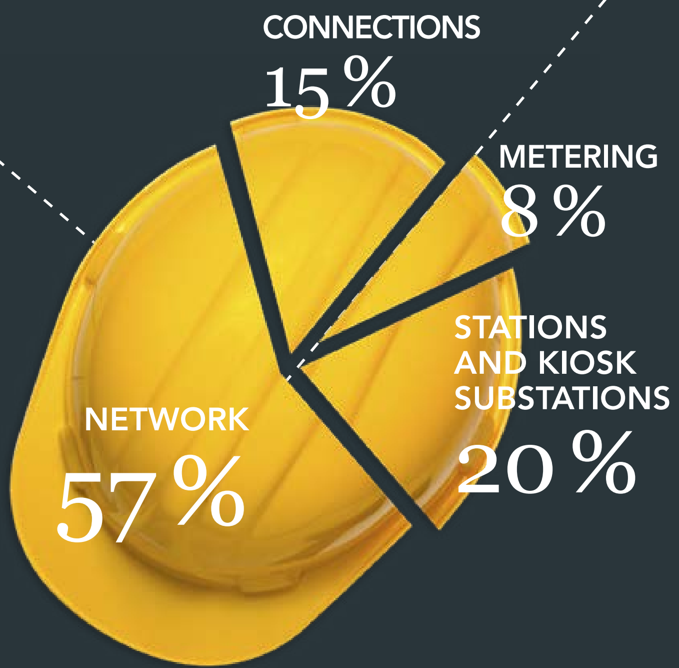
- The laying of 38 km of electrical lines – including almost 19 km of network extensions – on the low voltage electrical network
- The installation of 43.7 km of underground cables on the medium voltage electricity network, of which 11.3 were at customer request and 32.4 km were part of line renewal
- 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:

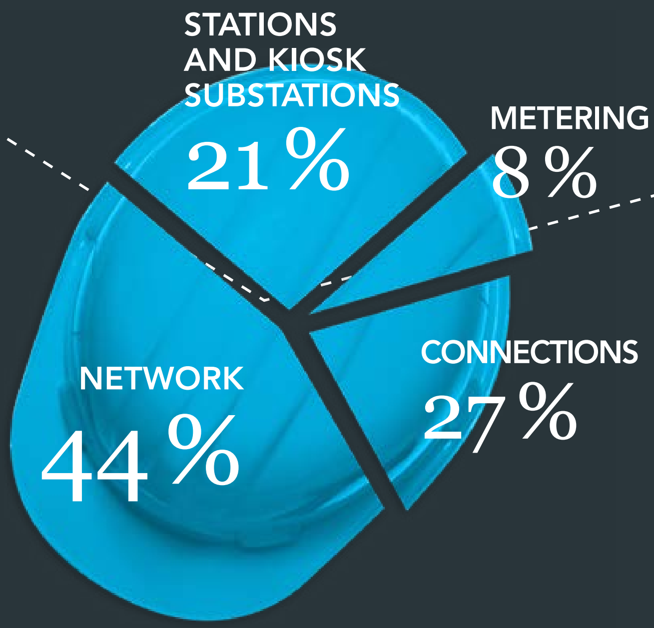
- The laying of almost 90 km of low voltage cable, of which almost 40 was to extend the existing network
- The dismantling and replacement of close on 15 km of bare copper wire on the low voltage network
- The laying of 60.4 km underground medium voltage cables
- The maintenance of ageing infrastructure, 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.

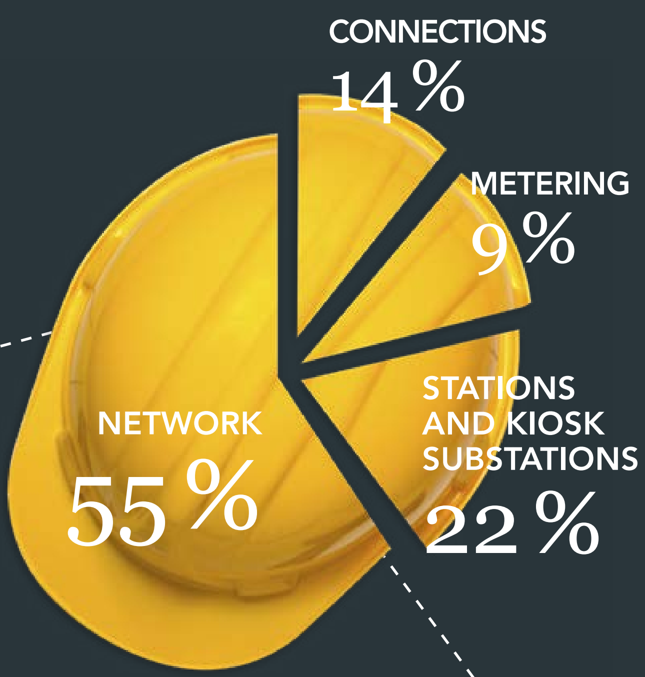
DETAILS OF INVESTMENTS BY SECTOR (CONTINUATION)

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

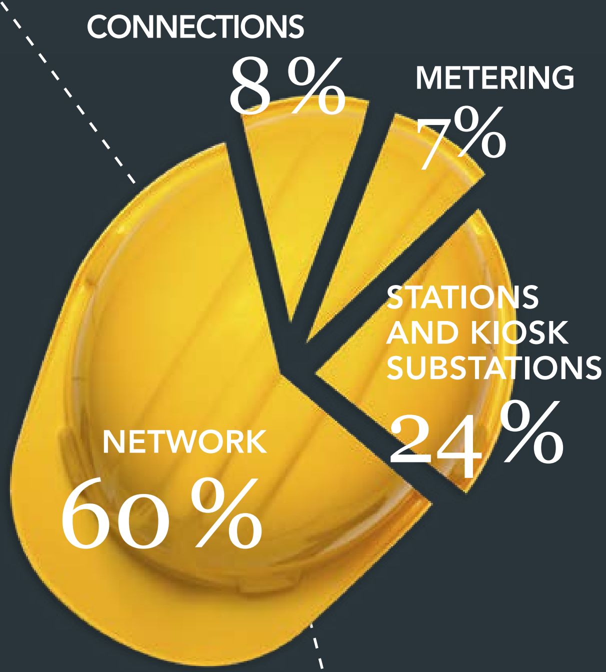
In the ORES Namur sector, the amount of investments made last year amounted to €37.70 million (€39.02 million in 2016). This expenditure has specifically enabled the following work to be carried out:

- 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

475,994 customers

9,504 km of distribution networks

534,936 points of supply

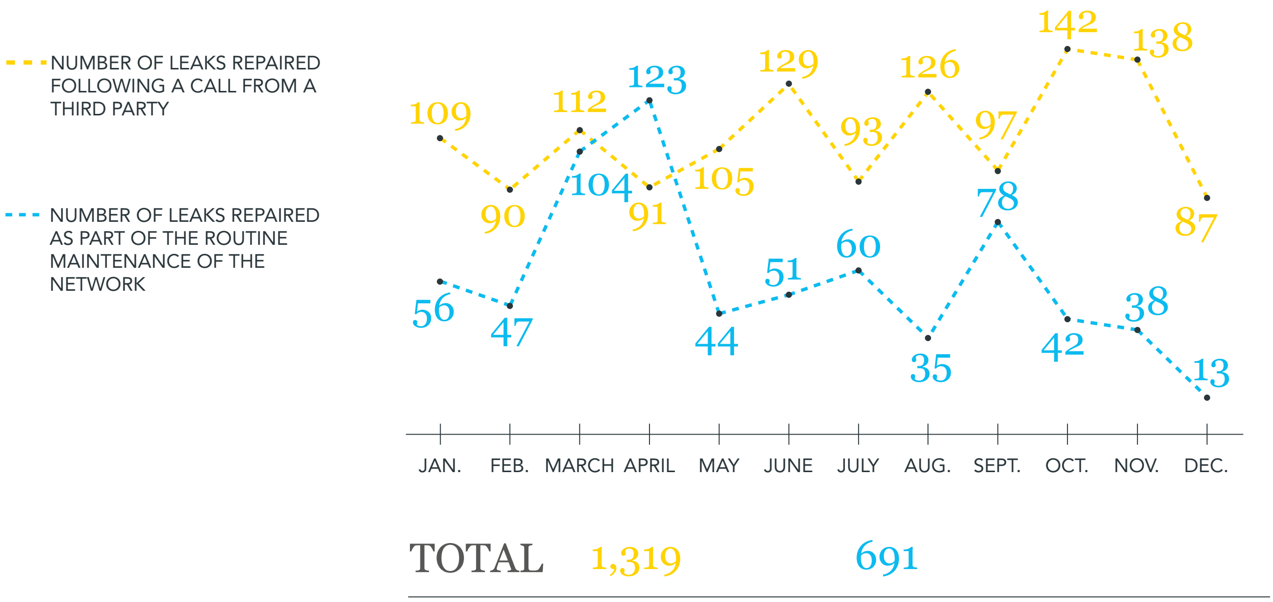
12,901,835 MWh distributed over the networks

11,699 protected customers supplied by ORES

18,357 active budget meters

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 INCIDENCES OF DAMAGE ATTRIBUTABLE TO THIRD PARTIES	TOTAL NUMBER OF INCIDENCES 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

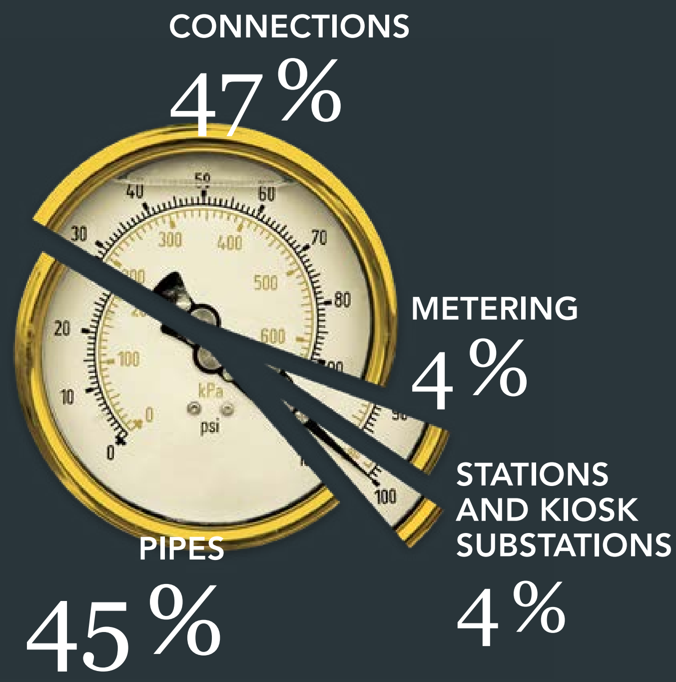
Furthermore, the company's technical services had carried out new pipeline clean-up works the year before. Replacement of the cast-iron, PVC or fibro cement low-pressure networks specifically continued and more than 27 km were removed to make way for polyethylene pipes, which have better sealing and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

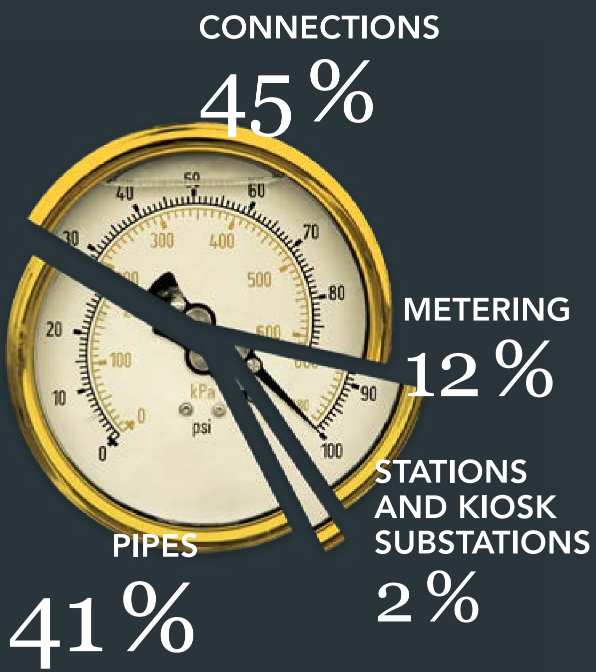
DETAILS OF INVESTMENTS BY SECTOR

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

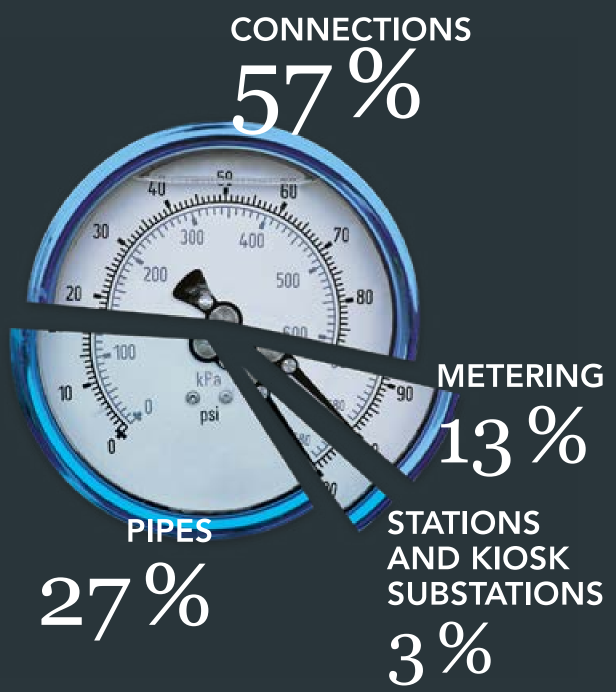




ORES HAINAUT

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.



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:

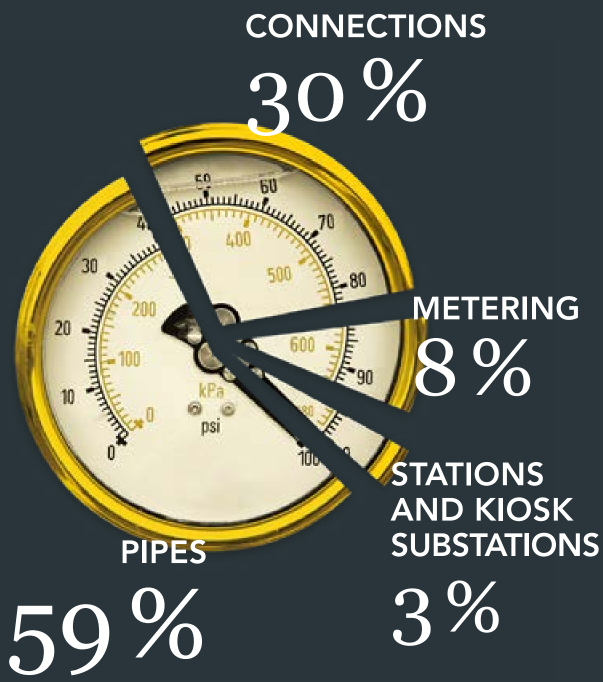
- 2.9 km of network extensions: 1,850 metres medium pressure and 1,100 metres low pressure.
- 200 metres of renewed pipes
- 294 new connections and 600 new meters
- 9 renewed connections and 76 meters replaced
- 70 budget meters installed at individuals' homes.

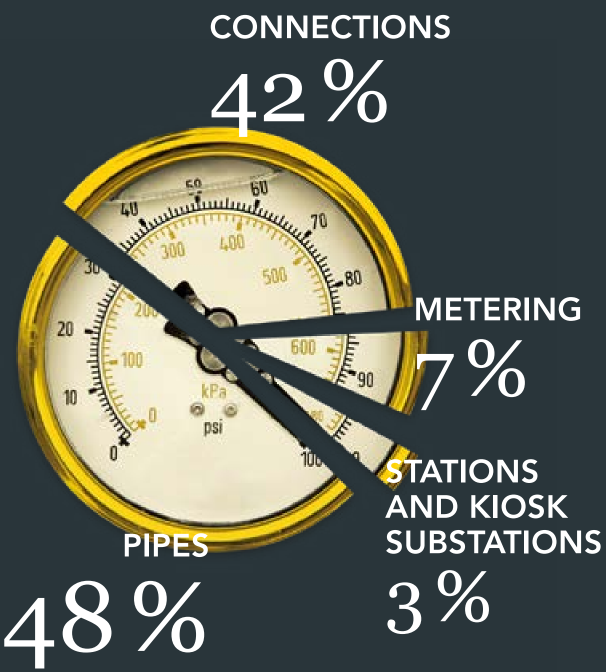
DETAILS OF INVESTMENTS BY SECTOR (CONTINUATION)

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.





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:

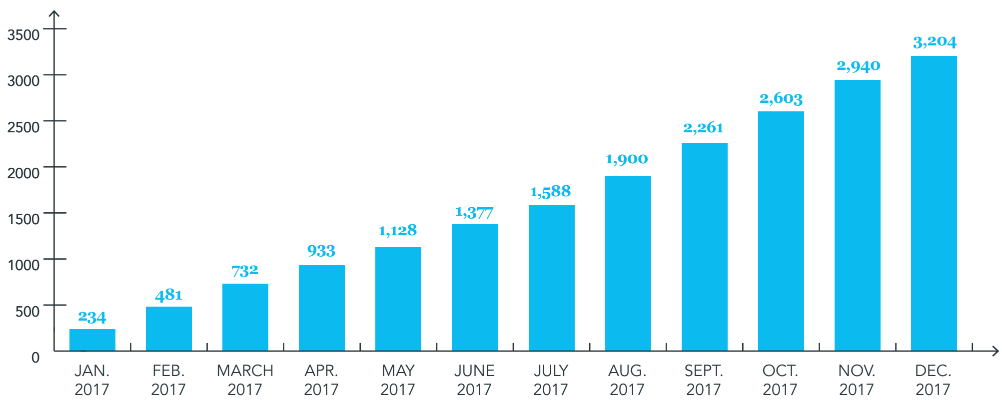
- 13.4 km of new pipes laid, of which 10.5 were low pressure
- 3 km of pipes renewed, exclusively low-pressure, with on this occasion more than 1,300 m of cast-iron pipes and more than 2,600 m of fibro-cement pipes replaced by new polyethylene infrastructures
- 779 new connections and 1,198 new meters
- 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)

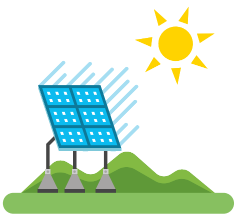
2.8. SUPPORT FOR GREEN ENERGIES

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.

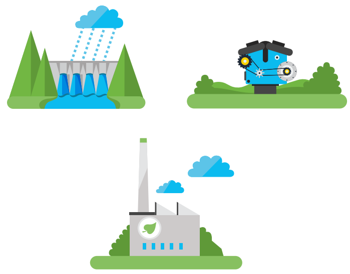
In a little less than ten years, ORES has connected more than 100,000 decentralised production units to its infrastructures. This of course concerns solar panels, but also wind turbine, hydraulic or biomass facilities. As the networks were not originally designed to absorb energy production sources which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

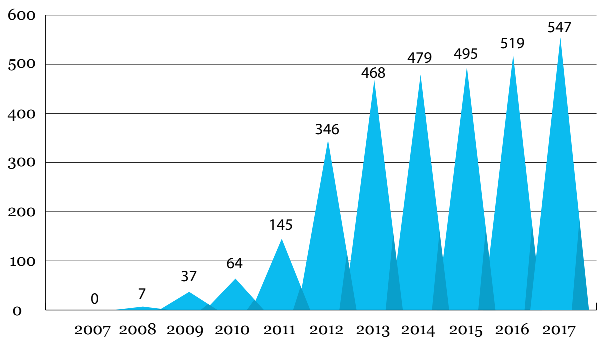


373
other decentralised installations
(hydraulic systems, co-generation, biomass etc.)

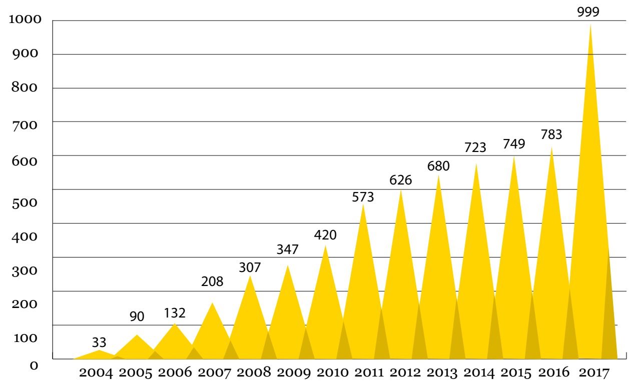
The graph linked to the growth in quantities of renewable energy fed into the networks over these past years is a perfect illustration of the challenge with which ORES is confronted: promote the emergence of the renewable energy market, which is local and circular, while ensuring that a high-quality 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)

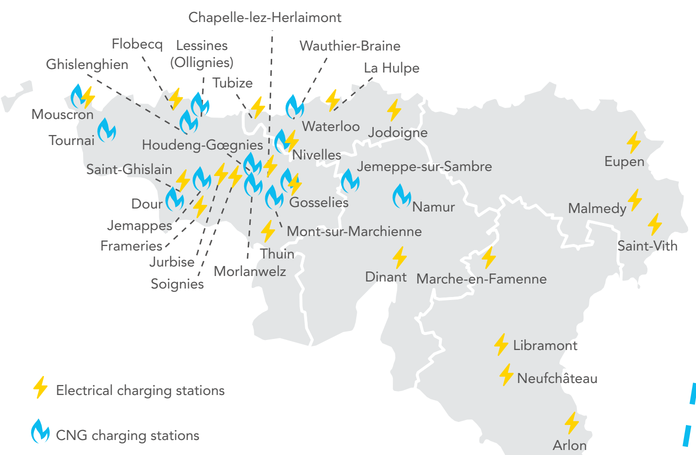


The fight against global warming also involves thinking about mobility. Between 2010 and 2017, the number of cars on Walloon roads increased by 12%. Although there are paths which aim to promote gentle mobility – shared ownership of cars, car sharing and, clearly, public transport – public authorities 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.

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.

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.

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 it 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

193	communes
2,934	new lights
42,300 kW	electrical power installed
175,685,809 kWh	total energy consumption
27,983	repairs
21,900	lamps replaced following a curative repair
82,462	replaced during preventative maintenance
21,117	LED lights installed

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 CO_2 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, facility 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:

42,302	Offers sent to communes
20,397	Light points replaced
12,611	Files closed

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 banks 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.

23,415 protected customers supplied with electricity by ORES

11,699 protected customers supplied with natural gas by ORES

44,961 active electricity budget meters

(out of a total of 116,136 meters installed)

18,357 active natural gas budget meters

(out of a total of 37,879 meters installed)

KEY FIGURES 2017

1,365,627 points of electrical supply managed by ORES

(active and inactive EANs)

534,936 points of natural gas supply managed by ORES

(active and inactive EANs)

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 the 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

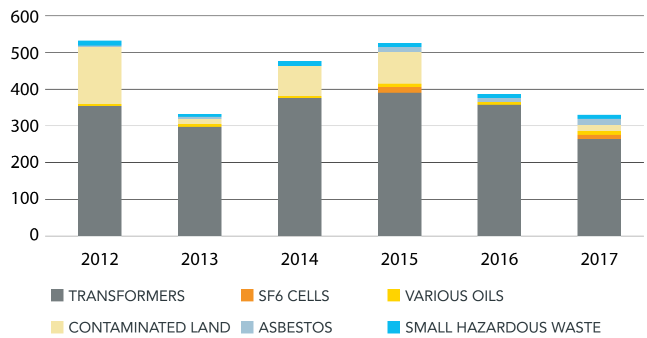
ORES has a unit devoted to environmental matters within its internal occupational prevention and protection service. Several tasks are incumbent upon this service, particularly in terms of environmental assessment and internal awareness-raising of prevention and pollution treatment actions.

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.

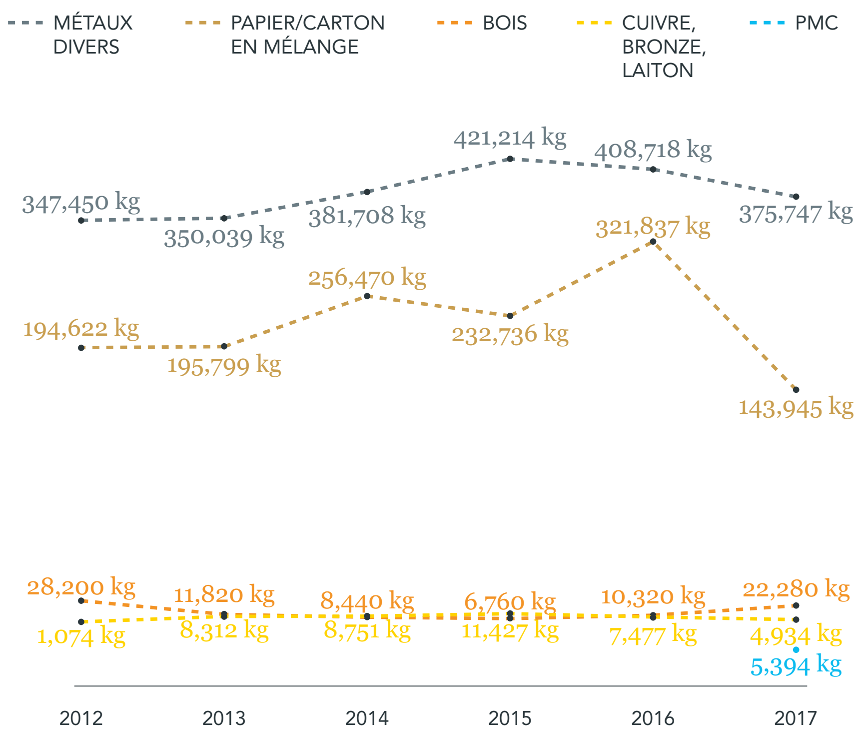
The hazardous waste produced by ORES varies in nature.

- 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 accommodated suitable waste, or else they will be decommissioned.

TONNAGE OF MAJOR HAZARDOUS WASTE

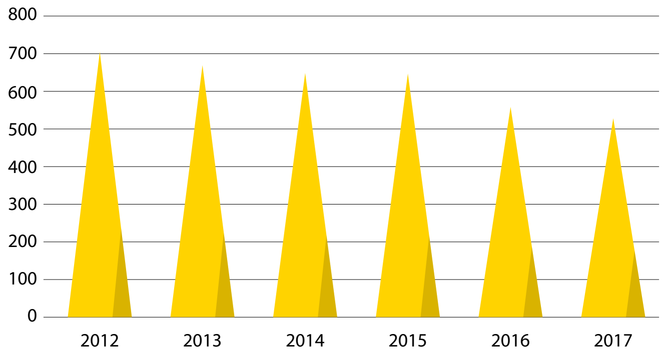


TYPE OF WASTE



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.

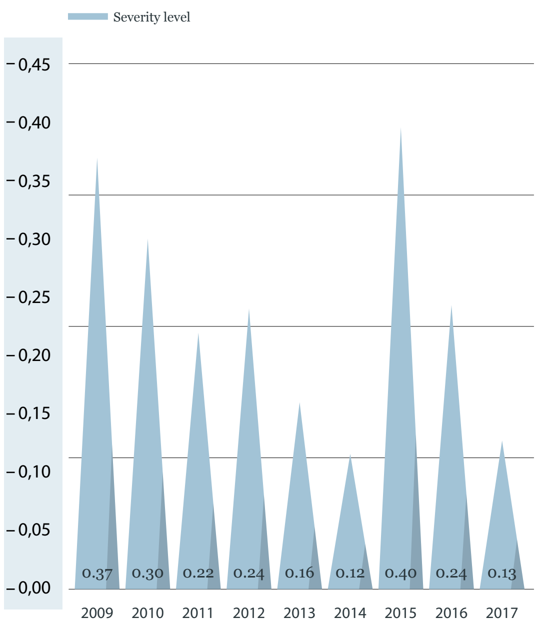
2.11.2. PREVENTION POLICY: "SHARED VIGILANCE"

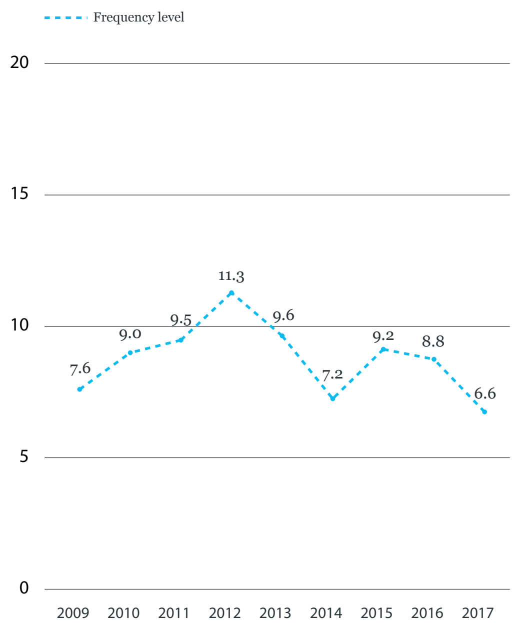
Other major concerns within the company: prevention and safety. For many year, ORES has committed to a procedure to combat work-related accidents. Within this fight, the only envisageable objective is to work towards zero accidents.

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 provide 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 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 an 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 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% X (1 + alpha) X (OLO interest n + (Rp x 'beta'));
- if S > 33 %, the yield percentage is the sum of: (a) 33 % X (1 + alpha) X (OLO interest n + (Rp x 'beta'));

and (b) (S - 33 %) x (OLO interest n + 70 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

Rp = 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 (OLOn + 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:

- Electricity: €71,210,000 as against €55,735,000 in 2016, i.e. + 27.76%.
- 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).

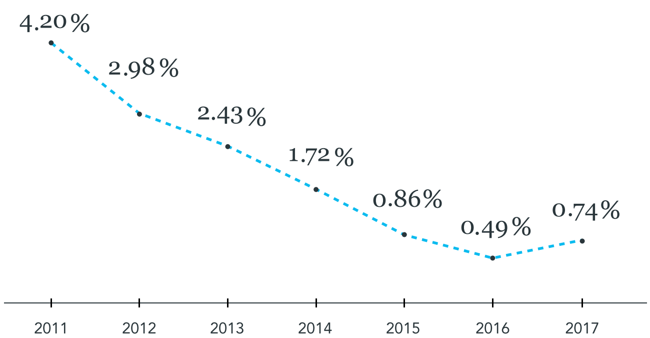
The REMCI of all ORES Assets' sectors amounted, in 2017, to:

- Electricity: €58,352,000 compared to €56,638,000 in 2016, i.e. + 3,0 %
- 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:

- Electricity: + €5,894,000
- 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:

- Electricity: €-9,712,000 (regulated assets, RA)
- 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:

- Electricity: €60,374,000
- 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:
    - in 2017: + €9,712,000 (RA)
    - in 2016: € (14,610,000) (RL)
    - 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 (+):
    - in 2017: € (8,670,000)
    - 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%).

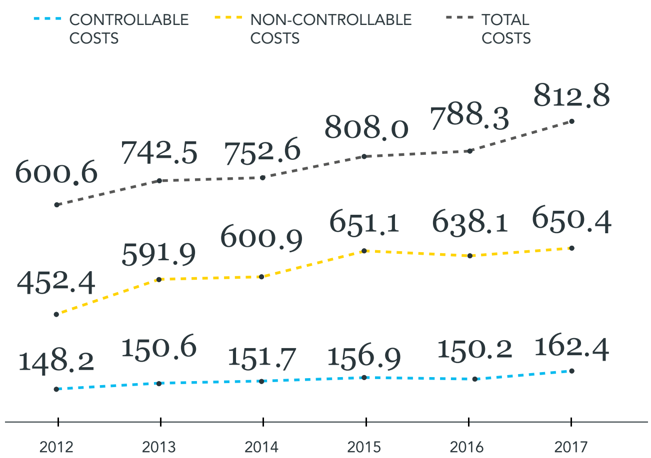
It should be noted that under "Tax Shelter", a transfer to the tax-free reserves was made in the amount of €607,000.

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 (€32,763000 in 2017), down €1,087,000 (3.2%) (quantities effect);
- ,on-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%).

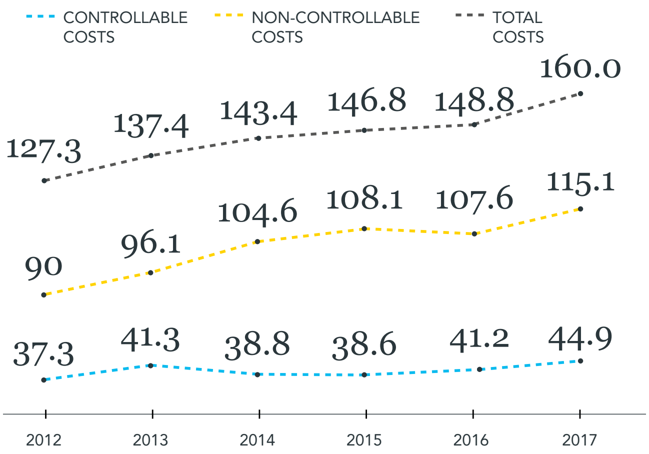
- the fee for using public highways for gas (€16,118,000 in 2017), down €600,000 (-3.6%);

- taxes (€10,580 8000 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 scrl
- 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 scrl (€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 scrl to Atrias scrl of €7,175,000, shares held by ORES scrl 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 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.

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 scrl 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 scrl.

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/Infrax 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 probable 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 (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.

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 it 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.

2.1610.4. 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. CONSOLIDATED ACCOUNTS 2017

CONSOLIDATED BALANCE SHEET AFTER APPROPRIATION[1]

(values in €)

	Ann.	Codes	Financial year	Previous financial year
ASSETS				
FORMATION COSTS	5.7	20	1,914,230.20	3,828,460.40
FIXED ASSETS		21/28	3,604,301,558.43	3,503,827,896.77
Intangible assets	5.8	21	59,558,908.28	37,436,929.35
Positive consolidation differences	5.12	9920	666.06	
Fixed assets	5.9	22/27	3,536,535,867.34	3,459,500,184.66
Land and buildings		22	93,710,434.52	90,672,570.46
Plant, machinery and equipment		23	3,410,764,088.78	3,339,229,156.62
Furniture and vehicles		24	31,396,403.88	28,908,485.65
Leasing and similar charges		25		
Other fixed assets		26	664,940.16	689,971.93
Fixed assets in progress and advance payments		27		
Financial assets	5.1-5.4/5.10	28	8,206,116.75	6,890,782.76
Equity accounted companies	5.10	9921	7,178,140.45	5,391,408.70
Holdings		99211	3,100.00	3,100.00
Receivables		99212	7,175,040.45	5,388,308.70
Other companies	5.10	284/8	1,027,976.30	1,499,374.06
Participating interests and shares		284	841,108.18	841,108.18
Receivables		285/8	186,868.12	658,265.88
CURRENT ASSETS		29/58	626,753,687.03	572,218,020.22
Amounts receivable after one year		29	2,298,863.29	509,476.10
Trade receivables		290		
Other receivables		291	2,298,863.29	509,476.10
Deferred tax		292		
Inventories and orders in progress		3	48,767,823.83	42,879,527.14
Stocks		30/36	37,203,992.33	33,569,304.55
Provisions		30/31	37,203,992.33	33,569,304.55
Work in progress		32		
Finished products		33		
Goods		34		
Property held for sale		35		
Advance payments		36		
Orders in progress		37	11,563,831.50	9,310,222.59
Amounts receivable within one year		40/41	169,748,638.52	171,842,283.38
Trade receivables		40	163,613,398.16	153,311,071.78
Other receivables		41	6,135,240.36	18,531,211.60
Cash investments		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
Disposable assets		54/58	54,911,893.96	59,840,230.58
Accruals		490/1	206,010,389.97	244,825,759.68
TOTAL ASSETS		20/58	4,232,969,475.66	4,079,874,377.39

[1] Article 124 of the Royal Decree of 30 January 2001 concerned with the application of the Companies Code.

(values in €)

LIABILITIES		Ann.	Codes	Financial year	Previous financial year
SHAREHOLDERS' EQUITY			10/15	1,597,537,393.70	1,689,192,796.00
Capital			10	712,256,695.93	795,978,580.93
Subscribed capital			100	712,256,695.93	795,978,580.93
Non-subscribed capital stock			101		
Share premium			11		
Revaluation surplus			12	542,461,733.07	562,796,234.87
Consolidated reserves	(+)/(-)	5.11	9910	342,765,441.27	330,394,787.23
Negative consolidation differences		5.12	9911		
Allocations for positive consolidation differences			99201		
Conversion differences	(+)/(-)		9912		
Investment grants			15	53,523.43	23,192.97
MINORITY INTERESTS					
Minority interests			9913	1,525.70	1,625.38
PROVISIONS AND DEFERRED TAXES			16	33,805,819.35	24,604,975.06
Provisions for risks and charges			160/5	33,805,819.35	24,604,975.06
Pensions and similar obligations			160		
Taxes			161		
Major repairs and maintenance			162		
Environmental bonds			163	5,788,933.01	6,352,515.01
Other risks and charges			164/5	28,016,886.34	18,252,460.05
Deferred tax liabilities		5.6	168		
DEBTS			17/49	2,601,624,736.91	2,366,074,980.95
Amounts payable after one year		5.13	17	2,010,710,971.04	1,713,725,599.29
Financial liabilities			170/4	2,010,683,971.04	1,712,569,946.02
Subordinated loans			170		
Non-subordinated bond issues			171		630,000,000.00
Leasing and other similar debts			172		
Debts to credit institutions			173	1,245,448,256.74	1,080,512,803.16
Other borrowing			174	765,235,714.30	2,057,142.86
Trade liabilities			175		
Suppliers			1750		
Notes payable			1751		
Prepayments received on orders			176		
Other debts			178/9	27,000.00	1,155,653.27
Amounts payable within one year		5.13	42/48	516,706,868.05	576,819,428.10
Long-term debts falling due this year			42	94,731,597.74	159,631,063.37
Financial liabilities			43	145,000,000.00	130,000,000.00
Debts to credit institutions			430/8	145,000,000.00	130,000,000.00
Other borrowing			439		
Trade liabilities			44	159,296,862.42	146,756,632.20
Suppliers			440/4	159,296,862.42	146,756,632.20
Notes payable			441		
Prepayments received on orders			46	25,528,812.00	24,234,664.58
Taxes, wages and social liabilities			45	50,893,662.90	55,221,746.67
Tax			450/3	9,302,333.13	10,602,711.07
Remuneration and social security			454/9	41,591,329.77	44,619,035.60
Other amounts payable			47/48	41,255,932.99	60,975,321.28
Accruals			492/3	74,206,897.82	75,529,953.56
TOTAL LIABILITIES			10/49	4,232,969,475.66	4,079,874,377.39

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(breakdown of the operating results according to type)[1]

(values in €)

	Ann.	Codes	Financial year	Previous financial year
Operating income		70/76A	1,151,189,187.00	1,127,955,100.67
Turnover	5.14	70	1,106,359,813.48	1,087,759,393.57
Manufacturing work-in-progress, finished products and orders in progress : increase (reduction) (+)/(-)		71	2,253,608.91	1,640,087.22
Capitalised production		72	4,845,406.23	6,109,199.65
Other operating income		74	37,730,358.38	32,446,420.23
Non-recurrent operating income	5.14	76A		
Cost of sales and services		60/66A	930,496,609.97	926,747,358.50
Goods and supplies		60	18,585,060.21	18,295,459.31
Acquisitions		600/8	22,219,747.99	22,622,370.76
Stocks : reduction (increase) (+)/(-)		609	-3,634,687.78	-4,326,911.45
Services and other goods		61	563,175,805.09	570,342,843.57
Remunerations, social security and pensions	5.14	62	161,367,174.22	172,518,605.73
Depreciation and write-downs on formation costs, on intangible and tangible assets		630	145,496,110.44	137,390,087.09
Amounts written off on stocks, contracts in progress and trade receivables: increase (decrease) (+)/(-)		631/4	5,335,637.49	-336,879.65
Provisions for risks and charges charges (utilisation and write backs) (+)/(-)		635/8	9,200,844.30	-897,752.87
Other operating costs		640/8	26,743,696.41	27,649,855.49
Operating costs carried to assets as restructuring costs (-)		649		
Depreciation of goodwill		9960	2,966.99	1,785,139.83
Non-recurrent operating expenses	5.14	66A	589,314.82	
Operating profits (loss) (+)/(-)		9901	220,692,577.03	201,207,742.17
Financial products		75/76B	351,978.50	456,081.98
Recurrent financial income		75	351,978.50	456,081.98
Income from financial fixed assets		750	46.71	
Income from current assets		751	271,685.03	318,906.53
Other financial products		752/9	80,246.76	137,175.45
Non-recurrent financial expenses	5.14	76B		
Financial expenses		65/66B	60,411,362.84	66,296,389.75
Recurrent financial expenses		65	60,411,362.84	66,296,389.75
Debt charges		650	59,981,476.58	66,082,543.60
Depreciation of goodwill		9961		
Write-downs on current assets other than inventories, orders in progress and trade receivables - Appropriations (write-backs) (+)/(-)		651		
Other financial costs		652/9	429,886.26	213,846.15
Non-recurrent financial expenses	5.14	66B		
Profit (Loss) for the financial year before taxation (+)/(-)		9903	160,633,192.69	135,367,434.40
Transfers from deferred taxes and latent taxation liabilities		780		
Transfer to deferred taxes and latent taxation liabilities		680		
Tax on the profit		67/77	63,049,528.07	41,923,879.78
Taxes	5.14	670/3	63,248,800.74	50,135,414.90
Adjustments of taxes and write-back of tax provisions		77	199,272.67	8,211,535.12

[1] The operating results may also be classified according to their purpose (pursuant to Article 158, sub-paragraph 2 of the Royal Decree of 30 January 2001 implementing the Commercial Companies Code).

(values in €)

		Ann.	Codes	Financial year	Previous financial year
Profit (Loss) for the financial year	(+)/(-)		9904	97,583,664.62	93,443,554.62
Share in the profits (loss) of companies at equity	(+)/(-)		9975		
Profits	(+)		99751		
Loss	(-)		99752		
Consolidated profit (loss)	(+)/(-)		9976	97,583,664.62	93,443,554.62
Minority interests	(+)/(-)		99761		
Group	(+)/(-)		99762	97,583,664.62	93,443,554.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LIST OF CONSOLIDATED SUBSIDIARIES AND COMPANIES INCLUDED ACCORDING TO THE EQUITY METHOD

"COMPANY NAME, Complete address of the REGISTERED OFFICE and for companies under Belgian law, state the COMPANY NUMBER"	Method used (G/P/E1/E2/E3/E4) (1) (2)	Proportion of capital held (3) (in %)	Variation of capital held (compare to the previous financial year) (4)
ORES SCRL Avenue Jean Monnet 2 1348 Louvain-la-Neuve Belgium 0897.436.971	G	99.72	0.04
ATRIAS SCRL Galerie Ravenstein 4, boîte 2 1000 Brussels Belgium 0836.258.873	E1	16.67	0.00

[1] G. General Consolidation.
P. Proportional consolidation (with reference, in the first column, of elements illustrating the joint management).
E1. Use of the equity method for an associated company (article 134, paragraph 1st, 3° of the Royal Decree of 30 January 2001 relating to the implementation of the Companies Code).
E2. Use of the equity method for a de facto subsidiary if its inclusion in the consolidation would be contrary to the principle of fair representation (article 108 jo.110 of the aforementioned Royal Decree).
E3. Use of the equity method of a subsidiary in liquidation, of a subsidiary having declared it will cease operation, of a subsidiary with no prospect of continuing its operations (article 109 jo. 110 of the aforementioned Royal Decree).
E4. Use of the equity method for a joint subsidiary whose activity is not closely integrated into the activities of the company with joint control (article 134, paragraph 2 of the aforementioned Royal Decree).

[2] If a change in the percentage of the capital held causes a change to the method used, the new method must be followed by an asterisk.

[3] Proportion of the capital held in these companies by the companies included in the consolidation and by persons acting in their own name but on the behalf of these companies.

[4] If the composition of the consolidated entity has, during the financial year, been significantly affected by variations in this percentage, additional information must be provided in valuation rules (article 112 of the aforementioned decree).

COMPANIES OTHER THAN SUBSIDIARIES AND ASSOCIATED COMPANIES

The companies listed below, other than those referred to in the consolidated subsidiaries and companies included according the equity method, in wich the companies included in the consolidation and those excluded (under article 107 and 108 of the Royal Decree of 30 January 2001 on the implementation of the Companies Code) hold at least 10% of the capital, either themselves or through a person acting in his own name but on their behalf. This information may be omitted if it is of negligible interest with respect to the principle of fair presentation.

"COMPANY NAME, Complete address of the REGISTERED OFFICE and for companies under Belgian law, state the COMPANY NUMBER"	Proportion of capital held (1) (In %)	INFORMATION INCLUDED IN THE LAST ANNUAL ACCOUNTS (2)			
		Annuel accounts closed on	Currency code	Stockholders equity	Net income
				(+) or (-) (in currency)	
N-ALLO SCRL Chaussée de Louvain 658 1030 Brussels 3 Belgium 0466.200.311	**13.88**	**31/12/2016**	**EUR**	**4,741.00**	**1,807.00**

CRITERIA FOR CONSOLIDATION AND MODIFICATIONS OF THE CONSOLIDATION SCOPE

Although this information is of significant importance, the identification of criteria which preside over the implementation of consolidation methods by overall and proportional integration and the equity method as well as cases, with justification, where these criteria are waived (under article 165, I. of the Royal Decree of 30 January 2001 implementing the *Code des sociétés* [Companies Code]).

See the attached valuation rules

Information which makes the comparison with the consolidated accounts from the previous year important if the composition of the consolidated whole is subject to a notable modification during the financial year (under article 112 of the aforementioned Royal Decree).

[1] Proportion of capital held by the companies included in the consolidation and those excluded.

[2] This information may be omitted if the company concerned is not obliged to public this information.

STATEMENT OF FORMATION EXPENSES

(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 expenses incurred		8002		
Depreciations		8003	1,914,230.20	
Conversion differences	(+)/(-)	9980		
Other	(+)/(-)	8004		
Net book value at the end of the financial year		(20)	1,914,230.20	
Of which				
Costs for formation and capital increase, loan issues, reimbursement premium and other formation costs		200/2	1,914,230.20	
Restructuring costs		204		

STATEMENT OF INTANGIBLE ASSETS

(values in €)

		Codes	Financial year	Previous financial year
DEVELOPMENT COSTS				
Acquisition value at the end of the financial year		8051P	XXXXXXXXXX	56,705,955.15
Movements during the financial year				
Acquisitions, including capitalised production		8021	36,070,756.99	
Sales and disposals		8031	760,981.51	
Transfers from one section to another	(+)/(-)	8041		
Conversion differences	(+)/(-)	99811		
Other changes	(+)/(-)	99821		
Acquisition value at the end of the financial year		8051	92,015,730.63	
Depreciations and amortisations at the end of the financial year		8121P	XXXXXXXXXX	19,269,025.80
Movements during the financial year				
Recorded		8071	13,359,463.24	
Write-back		8081		
Acquired from third parties		8091		
Cancelled		8101	171,666.69	
Transferred from one section to another	(+)/(-)	8111		
Conversion differences	(+)/(-)	99831		
Other changes	(+)/(-)	99841		
Depreciation and downward value adjustments at the end of the financial year		8121	32,456,822.35	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		81311	59.558.908.28	

STATEMENT OF TANGIBLE CAPITAL ASSETS

(values in €)

		Codes	Financial year	Previous financial year
LAND AND BUILDINGS				
Acquisition value at the end of the financial year		8191P	XXXXXXXXXX	123,716,632.65
Movements during the financial year				
Acquisitions, including capitalised production		8161	6,970,084.76	
Sales and disposals		8171	3,002,308.01	
Transfers from one section to another	(+)/(-)	8181		
Conversion differences	(+)/(-)	99851		
Other changes	(+)/(-)	99861		
Acquisition value at the end of the financial year		8191	127,684,409.40	
Capital gains at the end of the financial year		8251P	XXXXXXXXXX	5,037,795.47
Movements during the financial year				
Recorded		8211		
Acquired from third parties		8221		
Cancelled		8231		
Transferred from one section to another	(+)/(-)	8241		
Conversion differences	(+)/(-)	99871		
Other changes	(+)/(-)	99881		
Capital gains at the end of the financial year		8251	5,037,795.47	
Depreciation and reductions in value at the end of the financial year		8321P	XXXXXXXXXX	38,081,857.66
Movements during the financial year				
Recorded		8271	2,169,638.09	
Write-back		8281		
Acquired from third parties		8291		
Cancelled		8301	1,239,725.40	
Transferred from one section to another	(+)/(-)	8311		
Conversion differences	(+)/(-)	99891		
Other changes	(+)/(-)	99901		
Depreciation and reductions in value at the end of the financial year		8321	39,011,770.35	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(22)	93,710,434.52	

(values in €)

		Codes	Financial year	Previous financial year
PLANT, MACHINERY AND EQUIPMENT				
Acquisition value at the end of the financial year		8192 P	XXXXXXXXXX	4,514,594,776.06
Movements during the financial year				
Acquisitions, including capitalised production		8162	203,873,032.73	
Sales and disposals		8172	40,382,914.15	
Transfers from one section to another	(+)/(-)	8182		
Conversion differences	(+)/(-)	99852		
Other changes	(+)/(-)	99862		
Acquisition value at the end of the financial year		8192	4,678,084,894.64	
Capital gains at the end of the financial year		8252P	XXXXXXXXXX	1,010,917,964.90
Movements during the financial year				
Recorded		8212		
Acquired from third parties		8222		
Cancelled		8232		
Transferred from one section to another	(+)/(-)	8242		

Conversion differences	(+)/(-)	99872		
Other changes	(+)/(-)	99882		
Capital gains at the end of the financial year		8252	1,010,917,964.90	
Depreciation and reductions in value at the end of the financial year		8322P	XXXXXXXXXX	2,186,283,584.34
Movements during the financial year				
Recorded		8272	123,773,136.70	
Write-back		8282		
Acquired from third parties		8292		
Cancelled		8302	31,817,950.28	
Transferred from one section to another	(+)/(-)	8312		
Conversion differences	(+)/(-)	99892		
Other changes	(+)/(-)	99902		
Depreciation and reductions in value at the end of the financial year		8322	2,278,238,770.76	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(23)	3,410,764,088.78	

(values in €)

		Codes	Financial year	Previous financial year
FURNITURE AND VEHICLES				
Acquisition value at the end of the financial year		8193P	XXXXXXXXXX	142,897,884.44
Movements during the financial year				
Acquisitions, including capitalised production		8163	8,712,711.33	
Sales and disposals		8173	2,519,081.14	
Transferred from one section to another	(+)/(-)	8183		
Conversion differences	(+)/(-)	99853		
Other changes	(+)/(-)	99863		
Acquisition value at the end of the financial year		8193	149,091,514.63	
Capital gains at the end of the financial year		8253P	XXXXXXXXXX	769,326.59
Movements during the financial year				
Recorded		8213		
Acquired from third parties		8223		
Cancelled		8233		
Transferred from one section to another	(+)/(-)	8243		
Conversion differences	(+)/(-)	99873		
Other changes	(+)/(-)	99883		
Capital gains at the end of the financial year		8253	769,326.59	
Depreciation and reductions in value at the end of the financial year		8323P	XXXXXXXXXX	114,758,725.38
Movements during the financial year				
Recorded		8273	6,168,840.64	
Write-back		8283		
Acquired from third parties		8293		
Cancelled		8303	2,463,128.68	
Transferred from one section to another	(+)/(-)	8313		
Conversion differences	(+)/(-)	99893		
Other changes	(+)/(-)	99903		
Depreciation and reductions in value at the end of the financial year		8323	118,464,437.34	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(24)	31,396,403.88	

(values in €)

		Codes	Financial year	Previous financial year
OTHER TANGIBLE FIXED ASSETS				
Acquisition value at the end of the financial year		8195P	XXXXXXXXXX	2,452,693.70
Movements during the financial year				
Acquisitions, including capitalised production		8165		
Sales and disposals		8175		
Transferred from one section to another	(+)/(-)	8185		
Conversion differences	(+)/(-)	99855		
Other changes	(+)/(-)	99865		
Acquisition value at the end of the financial year		8195	2,452,693.70	
Capital gains at the end of the financial year		8255P	XXXXXXXXXX	
Movements during the financial year				
Recorded		8215		
Acquired from third parties		8225		
Cancelled		8235		
Transferred from one section to another	(+)/(-)	8245		
Conversion differences	(+)/(-)	99875		
Other changes	(+)/(-)	99885		
Capital gains at the end of the financial year		8255		
Depreciation and reductions in value at the end of the financial year		8325P	XXXXXXXXXX	1,762,721.77
Movements during the financial year				
Recorded		8275	25,031.77	
Write-back		8285		
Acquired from third parties		8295		
Cancelled		8305		
Transferred from one section to another	(+)/(-)	8315		
Conversion differences	(+)/(-)	99895		
Other changes	(+)/(-)	99905		
Depreciation and reductions in value at the end of the financial year		8325	1,787,753.54	
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(26)	664,940.16	

STATEMENT OF FINANCIAL FIXED ASSETS

(values in €)

		Codes	Financial year	Previous financial year
EQUITY-ACCOUNTED COMPANIES - SHAREHOLDINGS				
Acquisition value at the end of the financial year		8391P	XXXXXXXXXX	3,100.00
Movements during the financial year				
Acquisitions		8361		
Sales and disposals		8371		
Transferred from one section to another	(+)/(-)	8381		
Conversion differences	(+)/(-)	99911		
Acquisition value at the end of the financial year		8391	3,100.00	
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		
Conversion differences	(+)/(-)	99921		
Transferred from one section to another	(+)/(-)	8441		
Capital gains at the end of the financial year		8451		
Depreciation and reductions in value at the end of the financial year		8521P	XXXXXXXXXX	
Movements during the financial year				
Recorded		8471		
Write-back		8481		
Acquired from third parties		8491		
Cancelled		8501		
Conversion differences	(+)/(-)	99931		
Transferred from one section to another	(+)/(-)	8511		
Reductions in value at the end of the financial year		8521		
Amounts uncalled at the end of the financial year		8551P	XXXXXXXXXX	
Movements during the financial year	(+)/(-)	8541		
Amounts uncalled at the end of the financial year		8551		
Changes in equity at the end of the financial year	(+)/(-)	9994P	XXXXXXXXXX	
Change in shareholders' equity of companies consolidated using the equity method	(+)/(-)	99941		
Share in the result for the financial year		999411		
Eliminations of dividends on these holdings		999421		
Other types of movements in equity	(+)/(-)			
Changes in equity at the end of the financial year		9994		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(99211)	3,100.00	
EQUITY-ACCOUNTED COMPANIES - RECEIVABLES				
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		99212P	XXXXXXXXXX	5,388,308.70
Movements during the financial year				
Additions		8581	1,786,731.75	
Repayments		8591		
Provision for impairment of receivables		8601		
Reversed value adjustments		8611		
Conversion differences	(+)/(-)	99951		
Other	(+)/(-)	8631		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(99212)	7,175,040.45	
ACCUMULATED AMOUNTS WRITTEN-DOWN ON RECEIVABLES AT THE END OF THE FINANCIAL YEAR		8651		

(values in €)

		Codes	Financial year	Previous financial year
OTHER COMPANIES - HOLDINGS				
Acquisition value at the end of the financial year		8392P	XXXXXXXXXX	841,108.18
Movements during the financial year				
Acquisitions		8362		
Sales and disposals		8372		
Transferred from one section to another	(+)/(-)	8382		
Conversion differences	(+)/(-)	99912		
Acquisition value at the end of the financial year		8392	841,108.18	
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		
Conversion differences	(+)/(-)	99922		
Transferred from one section to another	(+)/(-)	8442		
Capital gains at the end of the financial year		8452		
Depreciation and reductions in value at the end of the financial year		8522P	XXXXXXXXXX	
Movements during the financial year				
Recorded		8472		
Write-back		8482		
Acquired from third parties		8492		
Cancelled		8502		
Conversion differences	(+)/(-)	99932		
Transferred from one section to another	(+)/(-)	8512		
Reductions in value at the end of the financial year		8522		
Amounts uncalled at the end of the financial year		8552P	XXXXXXXXXX	
Movements during the financial year	(+)/(-)	8542		
Amounts uncalled at the end of the financial year		8552		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		(284)	841,108.18	
OTHER COMPANIES - RECEIVABLES				
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR		285/8P	XXXXXXXXXX	658,265.88
Movements during the financial year				
Additions		8582	2,280.65	
Repayments		8592	473,678.41	
Provision for impairment of receivables		8602		
Reversed value adjustments		8612		
Conversion differences	(+)/(-)	99952		
Other	(+)/(-)	8632		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR			186,868.12	
ACCUMULATED AMOUNTS WRITTEN-DOWN ON RECEIVABLES AT THE END OF THE FINANCIAL YEAR				

STATEMENT OF THE CONSOLIDATED RESERVES

(values in €)

		Codes	Financial year	Previous financial year
Consolidated reserves at the end of the financial year	(+)/(-)	9910P	XXXXXXXXXX	330,394,787.23
Movements during the financial year				
Share of the group in the consolidated income	(+)/(-)	99002	12,370,654.04	
Other changes	(+)/(-)	99003		
Other changes (to allocate significant amounts not attributed to the share of the group in the consolidated income)				
Consolidated reserves at the end of the financial year	(+)/(-)	(9910)	342,765,441.27	

STATEMENT OF CONSOLIDATION AND EQUITY METHOD DIFFERENCES

(values in €)

	Codes	Financial year	Previous financial year
CONSOLIDATION - POSITIVE DIFFERENCES			
Net book value at the end of the financial year	99201P	XXXXXXXXXX	
Movements during the financial year			
Variations due to an increase in the percentage held	99021	3,633.05	
Variations due to an decrease in the percentage held	99031		
Depreciations	99041	-2,966.99	
Differences included in the results	99051		
Other changes	99061		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99201	666.06	
CONSOLIDATION - NEGATIVE DIFFERENCES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99111P	XXXXXXXXXX	
Movements during the financial year			
Variations due to an increase in the percentage held	99022		
Variations due to an decrease in the percentage held	99032		
Depreciations	99042		
Differences included in the results	99052		
Other changes	99062		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99111		
EQUITY METHOD - POSITIVE DIFFERENCES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99202P	XXXXXXXXXX	
Movements during the financial year			
Variations due to an increase in the percentage held	99023		
Variations due to an decrease in the percentage held	99033		
Depreciations	99043		
Differences included in the results	99053		
Other changes	99063		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99202		

(values in €)

	Codes	Financial year	Previous financial year
EQUITY METHOD - NEGATIVE DIFFERENCES			
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99112P	XXXXXXXXXX	
Movements during the financial year			
Variations due to an increase in the percentage held	99024		
Variations due to an decrease in the percentage held	99034		
Depreciations	99044		
Differences included in the results	99054		
Other changes	99064		
NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR	99112		

STATEMENT OF LIABILITIES

	Codes	Financial year
BREAKDOWN OF LIABILITIES ORIGINALLY DUE IN MORE THAN ONE YEAR, LISTED ACCORDING TO THEIR DUE DATES		
Long-term debts falling due this year		
Financial liabilities	8801	94,731,597.74
Subordinated loans	8811	
Non-subordinated bond issues	8821	
Leasing and other similar debts	8831	
Credit institutions	8841	94,360,169.18
Other borrowing	8851	371,428.56
Trade liabilities	8861	
Suppliers	8871	
Notes payable	8881	
Prepayments received on orders	8891	
Other amounts payable	8901	
Long-terme debdts falling due thie year	**(42)**	**94,731,597.74**
Long-term debts payable after more than one year but within a maximum of 5 years		
Financial liabilities	8802	974,604,002.92
Subordinated loans	8812	
Non-subordinated bond issues	8822	
Leasing and other similar debts	8832	
Credit institutions	8842	492,368,288.62
Other borrowing	8852	482,235,714.30
Trade liabilities	8862	
Suppliers	8872	
Notes payable	8882	
Prepayments received on orders	8892	
Other amounts payable	8902	27,000.00
Total debts payable after more than one year but within a maximum of 5 years	**8912**	**974,631,002.92**
Long-term debts falling due after more than 5 years		
Financial liabilities	8803	1,036,079,968.12
Subordinated loans	8813	
Non-subordinated bond issues	8823	
Leasing and other similar debts	8833	
Credit institutions	8843	753,079,968.12
Other borrowing	8853	283,000,000.00
Trade liabilities	8863	
Suppliers	8873	
Notes payable	8883	
Prepayments received on orders	8893	
Other amounts payable	8903	
TOTAL LONG-TERM DEBTS FALLING DUE AFTER MORE THAN 5 YEARS	**8913**	**1,036,079,968.12**

(values in €)

	Codes	Financial year
AMOUNTS PAYABLE, OR A PORTION THEREOF, WHICH ARE GUARANTEED BY REAL SURETIES GIVEN OR IRREVOCABLY PROMISED ON THE ASSETS OF COMPANIES INCLUDED IN THE CONSOLIDATION		
Financial liabilities	8922	
Subordinated loans	8932	
Non-subordinated bond issues	8942	
Leasing and other similar debts	8952	
Credit institutions	8962	
Other borrowing	8972	
Trade liabilities	8982	
Suppliers	8992	
Notes payable	9002	
Prepayments received on orders	9012	
Taxes, wages and social liabilities	9022	
Taxes	9032	
Remuneration and social security	9042	
Other amounts payable	9052	
TOTAL AMOUNTS PAYABLE GUARANTEED BY REAL SURETIES OR IRREVOCABLY PROMISED ON THE ASSETS OF THE COMPANIES INCLUDED IN THE CONSOLIDATION	9062	

RESULTS

(values in €)

	Codes	Financial year	Previous financial year
NET TURNOVER			
Breakdown by category of activity			
Distribution network operator		1,106,359,813.48	1,087,759,393.57
Breakdown according to geographical market			
Belgium		1,106,359,813.48	1,087,759,393.57
Aggregate turnover of the group in Belgium	99083	1,106,359,813.48	1,087,759,393.57
THE AVERAGE NUMBER OF STAFF (IN UNITS) AND PERSONNEL COSTS			
Consolidated parent company and fully consolidated subsidiaries			
Average number of employees	90901	2,297.00	2,356.00
Labourers	90911		
Employees	90921	2,041.00	2,103.00
Management personnel	90931	256.00	253.00
Other	90941		
Personnel costs			
Remuneration and social security	99621	157,459,589.04	164,425,657.93
Pensions	99622	3,907,585.18	8,092,947.80
Average number of personnel employed in Belgium by the companied concerned	99081	2,297.00	2,356.00
Proportionately consolidated subsidiaries			
Average number of employees	90902		
Labourers	90912		
Employees	90922		
Management personnel	90932		
Other	90942		
Personnel costs			
Remuneration and social security	99623		
Pensions	99624		
Average number of personnel employed in Belgium by the companied concerned	99082		

(values in €)

	Codes	Financial year	Previous financial year
NON-RECURRENT FINANCIAL INCOME	76		
Non-recurrent operating income	76A		
Adjustments to depreciation and write-downs on intangible and tangible fixed assets	760		
Adjustments to depreciation on consolidation differences	9970		
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		
of which			
Non-recurrent operating financial income	76B		
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		
Other non-recurrent financial income	769		
of which			
NON-RECURRENT FINANCIAL EXPENSES	66	589,314.82	
Non-recurrent operating expenses	66A	589,314.82	
Depreciation and non-recurrent write-downs on set-up costs, on intangible and tangible fixed assets	660		
Depreciation on positive consolidation differences	9962		
Provisions for extraordinary operating risks and expenses: increases (use) (+)/(-)	6620		
Capital loss on the disposal of intangible and tangible fixed assets	6630	589,314.82	
Other non-recurrent operating expenses	664/7		
of which			
Non-recurrent operating expenses carried to assets as restructuring costs (-)	6690		
Non-recurrent financial expenses	66B		
Write-downs on 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		
of which			
Non-recurrent financial expenses carried to assets as restructuring (-)	6691		
Charging to profit/loss of negative consolidation differences (-)	9963		

RESULTS

(values in €)

	Codes	Financial year	Previous financial year
TAX ON PROFIT			
Difference between the tax expense charged to the consolidated profit for the financial year and for previous years, and the tax expense already paid or to be paid for these financial years, insofar as this difference is of a certain interest with regard to future tax expense	99084		
Influence of non-recurrent profit on the amount of taxes on the profits for the financial year	99085		

OFF BALANCE SHEET RIGHTS AND COMMITMENTS

(values in €)

	Codes	Financial year
PERSONAL GUARANTEES, given or irrevocably promised by the companies included in the consolidation as surety for third party debts or undertakings	9149	
REAL GUARANTEES given or irrevocably promised by the companies included in the consolidation on their equity as surety for debts and undertakings respectively:		
of companies included in the consolidation	99086	
of third parties	99087	
GOODS AND TITLES HELD BY THIRD PARTIES IN THEIR OWN NAMES BUT AT THE RISK AND BENEFIT OF THE COMPANIES INCLUDED IN THE CONSOLIDATION, IF NOT REFLECTED IN THE BALANCE SHEET	9217	
SIGNIFICANT COMMITMENTS FOR THE ACQUISITION OF FIXED ASSETS	9218	
SIGNIFICANT COMMITMENTS FOR THE DISPOSAL OF FIXED ASSETS	9219	
RIGHTS RESULTING FROM OPERATIONS RELATING:		
to interest rates	99088	
to exchange rates	99089	
to the price of raw materials or goods	99090	
other similar transactions	99091	
COMMITMENTS RESULTING FROM OPERATIONS RELATING		
to interest rates	99092	
to exchange rates	99093	
to the price of raw materials or goods	99094	
other similar transactions	99095	
COMMITMENTS RESULTING FROM TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES ALREADY PERFORMED		
AMOUNT, NATURE AND FORM OF DISPUTES AND OTHER SIGNIFICANT COMMITMENTS		
Guarantee for customs and excise relating to the collection of the energy contribution		40,818.00
Guarantee in our favour for transmission charges and public procurement contracts		22,010,593.53
Guarantee of a loan from Sowafinal in the context of the replacement of HGHP lamps		6,286,825.00
Stock Option Plan		5,989,879.36

COMMITMENTS WITH REGARD TO RETIREMENT AND SURVIVOR'S PENSIONS FOR THE PERSONNEL OR EXECUTIVES, AT THE EXPENSE OF THE COMPANIES INCLUDED IN THE CONSOLIDATION

Based on the law of 06 August 1993 on pensions for staff employed with local government, the group has a pension commitment of 9.3 Million EUR relating to former staff of the Inter-municipal company AIE taken by Electrabel on 1st June 1991. Due to the regulated nature of our business, the decision was taken to include the annual cost of these pensions insofar as they occur.

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

(values in €)

	Financial year
NATURE AND FINANCIAL IMPACT OF SIGNIFICANT POST-CLOSING, event not taken into account in the balance sheet or the profit	
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 companies included in the consolidation	

RELATIONS WITH AFFILIATED COMPANIES AND COMPANIES WITH WHICH THERE IS A PARTICPATION ASSOCIATION WHICH ARE NOT INCLUDED IN THE CONSOLIDATION

(values in €)

	Codes	Financial year	Previous financial year
AFFILIATED COMPANIES			
Financial assets			
Interests and shares	9261		
Receivables	9291		
After one year	9301		
Within one year	9311		
Cash investments	9321		
Shares	9331		
Receivables	9341		
Debts	9351		
After one year	9361		
Within one year	9371		
Personal and real guarantees			
Given or irrevocably promised by the company as surety for the debts or commitments of associated companies	9381		
Other significant financial commitments	9401		
Financial results			
Income from financial fixed assets	9421		
Income from current assets	9431		
Other financial products	9441		
Debt charges	9461		
Other financial costs	9471		
COMPANIES WITH A PARTICIPATION LINK			
Financial assets			
Interests and shares	9262	824,216.26	824,216.26
Receivables	9292	13,746.74	53,886,397.24
After one year	9302		
Within one year	9312	13,746.74	53,886,397.24
Debts	9352	29,465,854.48	33,460,178.51
After one year	9362		
Within one year	9372	29,465,854.48	33,460,178.51

(values in €)

	Financial year
TRANSACTIONS WITH RELATED PARTIES OUTSIDE OF NORMAL MARKET CONDITIONS	
Mention of such transactions, with the exception of transactions within the group, if they are significant, including the amount and indication of the nature of the relationship with the related party as well as any other information on the transactions that would be required to get a better understanding of the financial position of the companies included in the consolidation as a whole :	
None	

FINANCIAL RELATIONS WITH:

(values in €)

	Codes	Financial year
DIRECTORS AND MANAGERS OF THE CONSOLIDATING COMPANY		
Total amount of remunerations granted in respect of their responsibilities in the consolidating company, its subsidiaries and affiliated companies, including the amount for retirement pensions granted in this respect to former directors or managers	99097	987,610.55
Total amount of advances and loans granted by the consolidating company, by a subsidiary or by an associated company	99098	
THE AUDITOR(S) AND PEOPLE WITH WHOM HE IS (THEY ARE) LINKED		
Emoluments of the auditor(s) for carrying out the duties of auditor at the level of the group of which the company which publishes the information is at the head	9507	
Emoluments for extraordinary services or special assignments carried out at the company concerned and its subsidiaries by the auditor(s)		
Other auditing work	95071	20,000.00
Tax advice tasks	95072	
Other external services in connection to auditing	95073	17,431.88
Emoluments of persons with whom the auditor(s) is (are) connected for carrying out the duties of auditor at the level of the group of which the company which publishes the information is at the head	9509	
Emoluments for extraordinary services or special assignments carried out at the company concerned and its subsidiaries by persons with whom the auditor(s) is (are) connected		
Other auditing work	95091	
Tax advice tasks	95092	
Other external services in connection to auditing	95093	

Notices pursuant to article 133, paragraph 6 of the Companies Code

DERIVED FINANCIAL INSTRUMENT NOT ASSESSED AT THE RIGHT VALUE

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

				Financial year		Previous financial year	
Category of derived financial instruments	Risk covered	Speculation/ coverage	Volume	Book value	Right value	Book value	Right value
Swaps (volume give in k€)	Interest rate	Coverage	269,030.00	0.00	-9,985,683.21	0.00	-20,326,749.26
Collar (volume give in k€)	Interest rate	Coverage	72,528.00	0.00	391,931.88	0.00	1,138,377.27
CAP (volume give in k€)	Interest rate	Coverage	293,359.00	0.00	1,517,625.17	0.00	0.00

	Book value	Right 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		

VALUATION RULES

CONSOLIDATION PRINCIPLES

The eight mixed inter-municipal companies were merged on 31 December 2013 with retroactive effect to 1 January 2013 and resulted in the creation of ORES Assets scrl (called "DSO" hereinafter or ORES Assets). ORES Assets is therefore a gas and electricity distribution system operator (called DSO hereinafter) in Wallonia that on 31 December 2016 had exclusive control of its only subsidiary ORES scrl (called ORES scrl hereinafter). For the preparation of the consolidated financial statements of the Group, ORES Assets has fully consolidated its subsidiary.

The consolidated financial statements of the Group include all the financial statements of the entities it controls (its subsidiaries). The concept of control is defined as being the power to govern the financial and operational policies of an entity in order to obtain benefits from its activities. The evaluation of the type of control is established on a case by case basis in accordance with the law of 7 May 1999 of the Companies Code.

Subsidiaries are entities controlled by the Group and are fully consolidated once the existence of control has been established and until this control ends.

Intragroup balance and transactions, as well as any profits resulting from intragroup transactions, are wholly eliminated in the consolidation process for the preparation of the consolidated financial statements.

1. THE CONSOLIDATION DIFFERENCE

When the parent company incorporates a subsidiary for the first time in its consolidated accounts, the equity of the subsidiary included in the consolidation is:

a) Up to the proportion of its equity represented by its shares and the shares held by the parent company and the subsidiaries included in the consolidation, offset by the book value of these shares and the shares in the accounts of the parent company and the subsidiaries holding them, and;

b) Up to the proportion of its equity represented by its shares and the shares held by persons other than the parent company and the subsidiaries included in the consolidation, included in the liabilities of the consolidated balance sheet under the section "Minority interests".

The difference resulting from this compensation is imputed insofar as possible to the elements of the assets and liabilities in the consolidated accounts, which have a value above or below their book value in the accounts of the subsidiary.

The remaining difference, after this operation, is included in the consolidated balance sheet under the section "Consolidation differences", in the assets if positive, in the liabilities if negative.

The goodwill consolidation and negative goodwill cannot be offset, unless they are associated with the same subsidiary, in the latter case, they must be compensated.

Negative goodwill may be recorded on the consolidated profit and loss account. However, when a negative consolidation difference corresponds at the relevant date of a forecast of a weakness of future results of the subsidiary concerned or the costs it incurs, it is booked on the consolidated profit and loss account insofar as and at the time that this forecast is occurs.

2. EQUITY ACCOUNTED COMPANIES

Affiliated companies are companies in which the Group has a significant influence but does not have control. They are consolidated according to the equity method from the date on which the significant influence is established and until this influence ends.

When a holding is based on the equity method, it is included on the consolidated balance sheet to the amount corresponding to the proportion of the equity of the company concerned, including the result for the financial year, represented by this holding.

ASSETS

FORMATION COSTS

The costs related to the formation, development or restructuring of the company are included in this section such as the costs of incorporation or capital increase, loan issuing 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. Until 2016, 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 assets are intangible production. They represent fixed assets that the company wants to use as operational means. In other words they involve an operational capacity for a limited or an unlimited duration.

According to the Royal Decree of 30 January 2001 (art. 95, § 1st), a distinction must be made between:

- Research and development expenses;
- Concessions, patents and licences, knowhow, trademarks and other similar rights;
- Goodwill.

Intangible assets are booked if and only if it is probable that future economic benefits attributable to the asset will flow to the company and if the cost of this asset may be measured reliably.

Intangible assets are initially measured at cost. The cost of internally generated intangible asset comprises all directly attributable costs and is the sum of expenditure incurred from the date when the intangible asset met the recognition criteria according to Belgian GAAP.

After initial booking, the intangible assets are booked at cost less the accumulated depreciation and accumulated impairment losses. The intangible assets are amortised according to the linear method on the useful life of the asset (fixed at 5 years).

The ORES group has taken the option to proceed to the activation of research and development costs under the intangible assets.

Development costs likely to the 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 both from the development costs activity and the sale of IT licences is then depreciated using the straight-line method over its useful life (fixed at 5 years) and reduced by any impairments.

FIXED ASSETS

ACQUISITION VALUE

Tangible assets are included on the balance sheet at their acquisition price, production cost or contribution value.

ANCILLARY COSTS

The ancillary costs are included in the acquisition value of fixed assets concerned. The ancillary costs are amortised in step with the facilities to which they relate.

THIRD PARTY ACTIONS

Third party actions in the funding of tangible assets are deducted from the acquisition values thereof. They are, in addition, deducted from the basis of amortisation of the said facilities.

DEPRECIATION

- Depreciation is calculated using the straight-line method. The installations acquired during the financial year are, since 1 January 2015 and following ORES Assets being subject to corporation tax, depreciated prorata temporis. An installation purchased during the month will be amortised from the 1st day of month n+1.

- The rates of depreciation to be taken into consideration are as follows:

ELECTRICITY FACILITIES	RATE OF DEPRECIATION AS A PERCENTAGE
Land	0
Industrial buildings	3
Administrative buildings	2
Cables	2
Lines	2
Fibre-optic cable sheath signalling network	4
Signalling network SMART equipment	10
Posts and cabins (HV and LV equipment)	3
Connection - transformers	3
Connections - lines and cables	2
Measuring equipment	3
Electronic meters, budget meters, automatic meters	10
Low-voltage SMART electric meters	6.7
Remote control, lab and dispatching equipment	10
Teletransmission and fibre optics	10
Tools and equipment	10
Rolling stock (transport of people and goods)	20
Equipment vehicles	10
IT equipment	33

GAS FACILITIES	RATE OF DEPRECIATION AS A PERCENTAGE
Land	0
Industrial buildings	3
Administrative buildings	2
Pipes	2
Cabins / Stations	3
Connections / Branching	3
Measuring equipment	3
Lab, dispatching equipment	10
Budget meters, electronic and automatic meters	10
LP gaz metering SMART	6.7
Remote control, dispatching equipment, lab equipment	10
Teletransmission end fibre optics	10
Tools and equipment	10
Rolling stock (transport of people and goods)	20
Equipment vehicles	10
IT equipment	33

INITIAL DIFFERENCE BETWEEN THE RAB AND THE BOOK VALUE OF TANGIBLE ASSETS

Until the end of 2002, the tangible fixed assets were valued at the balance sheet based on the book value (or the acquisition value less the amortisation fund) were revalued in accordance with the derogation obtained from the Ministry of Economic Affairs on 22 November 1985.

Since 2003, the inter-municipal companies active in electricity and natural gas markets had seen their activities refocus, as these markets have been liberalized, essentially on the function of the electricity and gas distribution system operator, a monopolistic activity for which there is a regulatory framework made up in particular of tariff methodologies. These provide for fair remuneration of the capital invested calculated on the basis of a rate of remuneration, a theoretical financing structure and the invested capital base to be remunerated (RAB) (a).

The mixed electricity and gas distribution system operators which have a technical inventory justifying the value of the tangible fixed assets have been able to establish the initial value of the capital invested as at 31 December 2001/ 31 December 2002 based on the economic value of this inventory. The initial values have been formally approved by the competent regulator then confirmed in 2007 based on values as at 31 December 2005 for electricity and as at 31 December 2006 for natural gas.

The regulator requires that the RAB taken into consideration to determine the basis for remunerating invested capital changes according to the following formula: RAB_n = iRAB + $investments_n$ – $depreciation_n$ – facilities out of $service_n$ (b)

The regulator also requires to be able, at any time, to reconcile the RAB introduced into the tariff proposals with the DSOs' accounting statements (c).

Meeting constraints (a), (b) and (c) involved accounting for the RAB and that an initial difference was shown compared to the book value.

This initial difference which appears in the DSO's balance sheet is, on the one hand, linked to the right to be the exclusive electricity and gas distributor for a defined period and over a fixed territory and, on the other hand, reflects the carrying out of a valuation of the network in question.

Given the specific nature of this initial difference, the DSO chose to account for it in an item separate from tangible fixed assets and to neither depreciate nor deallocate it.

In November 2007, the agreements were found between the DSOs and CREG which resulted in a settlement and the publication of the Royal Decrees of September 2008 describing the tariff methodology of the CREG, the principles of which have been taken up in the CWaPE tariff methodology.

This also indicates that the costs to be covered by the tariffs particularly include the part of the capital gain relating to withdrawals from service during the year concerned, as long as the amounts corresponding to this part of the capital gain are held in a reserve in the DSO's liabilities. The regulator checks that the change in this reserve tallies with the recorded instances of withdrawals from service. The method applied by the DSO with a view to determining technical withdrawals from service is certified by the auditor of the DSO in question. The capital gain is carried forward and carried over into costs at a rate of 2% per year.

As a result, the tariff methodologies also stipulate that the value of economic reconstruction changes each year from 1 January 2007, notably through the deduction of the capital gain relating to equipment withdrawn from service during the year concerned. This capital gain is deducted and carried over into costs at a rate of 2% per year.

These provisions entered into force from the 2008 financial year and are still applied today.

FINANCIAL FIXED ASSETS

The financial fixed assets are included in the assets on the balance sheet at their acquisition value, less the uncalled part.

At the end of each financial year, an individual evaluation of each security portfolio is done to reflect the situation, profitability and prospects of the company in which the participation or shares are held, as satisfactorily as possible.

RECEIVABLES AFTER ONE YEAR

Amounts receivable after one year are included in the balance sheet assets at their nominal value.

INVENTORIES AND ORDERS IN PROGRESS

Inventories are values at the weighted average price.

The works in progress are included in the balance sheet at their cost price. Regarding the work on behalf of third parties, the costs and billings are transferred to the profit and loss account when the works are considered finished.

RECEIVABLES WITHIN ONE YEAR

Amounts receivable due within one year are included in the balance sheet assets at their nominal value.

They include receivables from customers for energy supplies (mainly protected customers), transit fees and miscellaneous work.

They are cut from those considered as unrecoverable bad debt including those relating to known bankruptcies. These bad debts are included in full on the liabilities on the profit and loss account (other operating charges). If a part is subsequently recovered, the amount recovered will be shown on the assets side of the profit and loss account (other operating income).

Outstanding receivables are generally covered by write-downs if there is a definite risk that they cannot be recovered.

In 2015, a new procurement was started in order to allow the recovery of receivables for the supply of energy to end customers as well as receivables for works. This procurement anticipates a collection rate by the successful tendering party. The share of these receivables covered by a write-down is calculated net of the expected recovery percentage.

Following on from ORES Assets' liability for corporation tax, write-downs apply in different stages, following a specific schedule, and after deduction of the amount guaranteed by debt collection firms in order to cover them gradually.

We should point out that there are no write-downs for liabilities related to "network damage" less than two years old, as well as for outstanding debts to communes, as the Board of Directors feels that these liabilities do not present any risk of not being recovered.

CASH INVESTMENTS

Investment securities are included as assets on the balance sheet at their acquisition price, excluding ancillary costs or at their contribution value.

At the end of the financial year, they are valued at the lower of the following values: purchase price or contribution value or market value at the end of the financial year.

SECURITIES AVAILABLE

The securities available are booked on the assets of the balance sheet at their nominal value.

ACCRUALS

- The costs incurred during the financial year but attributable in whole or in part to one or more subsequent financial years are evaluated by adopting a proportional rule.

- The income or part of the income which will only be collected during the course of one or more subsequent financial years but which are revenues from the year in question are evaluated at the amount of the share relating to the financial year concerned.

The asset accruals mainly include the costs relating to the pension charges previously paid in the form of capital to the benefit of the personnel of the operating company (ORES scrl) allocated to the distribution activities on the territory of the inter-municipal company.

The inclusion of these costs by the inter-municipal company is spread over a period not exceeding 20 years.

The estimated value of the transit fees on energy transport but not raised as of 31 December is also booked in the accounts on the accruals.

"Low voltage" and "low pressure" consumption for residential and professional customers is only recorded once a year, so the quantities of energy transported for these customers between the date of the last recording of the meters and 31 December and the transit fees relating to them have to be estimated (total quantities of energy transported during the civil year - quantities transported and billed during the same financial year - valuation of transit fees based on the applicable rates during the course of the financial year concerned).

The asset adjustment accounts include any "regulated assets" accounted for by virtue of the principle of annuality for expenditure and income. These "regulated assets" relating to the previous years are recovered using tariffs in accordance with the recommendations issued by the regulator in its decisions relating to balances at the point "Allocation of regulatory balances".

The impact of these regulated assets on the results for the inter-municipal company will be neutralized annually and partially by allocating a part of the profits to available reserves.

LIABILITIES

UNTAXED RESERVES

Capital gains and profits for which the immunity is subject to them being held in the company's assets are booked under this section.

PROVISIONS FOR RISKS AND CHARGES

At the end of each financial year, in view of the accounting law of 18 December 2015, applying caution, sincerity and good faith when coming to its decision, the Board of Directors looks at the provisions to be set aside to cover all expected risks or any losses arising during this and previous years. The provisions relating to the previous financial years are regularly reviewed and the Board of Directors decides on their allocation or destination.

AMOUNTS PAYABLE AFTER ONE YEAR

Amounts payable after one year are included in the balance sheet liabilities at their nominal value.

AMOUNTS PAYABLE WITHIN ONE YEAR

Amounts payable within one year are included in the balance sheet liabilities at their nominal value.

ACCRUALS

- The charges or parts of charges relating to the financial year but which are only paid during a subsequent financial year are valued at the amount relating to the financial year.

- Income received during the financial year but which are attributable in whole or in part to a subsequent financial year are also valued at an amount that has to be considered as income for subsequent years.

The accrual of the liabilities includes any "regulatory liabilities" booked under the annuality principle of expenses and income. These "regulatory liabilities" for the previous years will be covered by tariffs in accordance with the recommendations issued by the regulator in its decisions relating to balances at the point "Allocation of regulatory balances". The impact on the results of these regulatory liabilities on the inter-municipal companies will be covered in full in the financial year to which it relates.

The estimated value of the transit fees on energy transported but not raised as of 31 December is also booked in the liabilities accruals account.

"Low voltage" and "low pressure" consumption for residential and professional customers is only recorded once a year, so the quantities of energy transported for these customers between the date of the last recording of the meters and 31 December and the transit fees relating to them have to be estimated (total quantities of energy transported during the civil year - quantities transported and billed during the same financial year) (valuation of transit fees based on the applicable rates during the course of the financial year concerned).

ADDITIONAL INFORMATION TO THE APPENDIX

SPECIAL POINTS :

The inter-municipal company does not have its own staff.

During the first six months of 2017, the allowances and attendance fees allocated to members of the Board of Directors and the Sector Committees are assigned to the account "61 – Miscellaneous services and goods"; as a result, item 9147 on page 54 mentions deductions for payroll taxes.

The General Meeting on 22 June 2017 approved the setting-up from 1 July 2017 of a "mirror" Board of Directors at ORES Assets scrl and ORES scrl with non-paying directorships in ORES Assets scrl and payment of emoluments in ORES scrl.

These annual financial statements are subject to an administrative control procedure.

ORES ASSETS SCRL

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF THE COMPANY FOR THE YEAR ENDED 31 DÉCEMBER 2017

In the context of the statutory audit of the consolidated accounts of Ores Assets (the Company) and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the General Meeting of 23 june 2016, following the proposal formulated by the board of directors issued upon presentation by the Works Council. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the consolidated accounts closed on 31 december 2018. We have performed the statutory audit of the consolidated accounts of the company Ores Assets for two consecutive years

REPORT ON THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 december 2017and the consolidated statement of profit or loss for the year then ended, and the notes, and which is characterised by a total balance sheet of € 4.232.969.475,66 and for which consolidated profit and loss statement shows a profit for the year of € 97.583.664,62.

In our opinion, the consolidated accounts give a true and fair view of the group's equity and financial position as at 31 december 2017, and of its results for the year then ended, prepared in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated accounts in Belgium, including those concerning independence.

We have obtained from the board of directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors for the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control ;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors ;

- Conclude on the appropriateness of the board of directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation ;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

RSM

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsabilities of the board of directors

The board of directors is responsible for the preparation and the contents of the management report on the consolidated accounts.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (revised) that is supplementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report on the consolidated accounts, as well as to report on this element.

Aspects relating to the management report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the consolidated accounts for the same same financial year, and it is prepared in accordance with article 119 of the Company Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated accounts contains any material misstatements, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

We do not express any form of assurance whatsoever on the management report on the consolidated accounts.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of consolidated accounts, and we remained independent of the Group throughout the course of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 134 of the Company Code were duly itemised and valued in the notes to the consolidated accounts.

Gosselies, 28 May 2018

RSM InterAudit Scrl
Statutory auditor
Represented by
Thierry Lejuste
Partner

V. 2017 SPECIFIC CONSOLIDATED REPORT ON ORES' SHAREHOLDINGS

Within the context of the tasks assigned to it, the Board of Directors has looked at the shareholdings owned by the ORES Group in the capital of other companies.

These shareholdings, which are described below, are included as assets on the balance sheet at their purchase price, less any amounts yet to be released.

SHAREHOLDING IN LABORELEC

Laborelec is the technical skills centre for the sector, supplying studies and plans, including in particular for the distribution of energy, as well as specialist on-demand services.

Until 2005, Laborelec was remunerated via a contribution paid by distribution network operators to Intermixt. In order to make sure that Laborelec's studies and plans fitted in as smoothly as possible with distribution, and so in order to fulfil the specific needs of distribution network operators, the latter decided to invest in Laborelec's capital. Each of the electricity DNOs has therefore purchased a share in Laborelec from its owner, Electrabel. The 7 shares are still owned by ORES Assets as of 31 December 2017, worth €2,018.31.

SHAREHOLDING IN IGRETEC

Igretec, the *Intercommunale pour la Gestion et la Réalisation d'Études Techniques et Économiques* for the Charleroi and South Hainaut Region, provides services for businesses, government offices and citizens relating to economic development, design office and energy services

ORES Assets owns 2,400 Igretec shares as of 31 December 2017 worth €14,873.61.

SHAREHOLDING IN N-ALLO

N-Allo is a next generation interactive European call centre, whose role is to delight brands, optimise and manage their interaction with customers, and help them build strong relationships by offering flexible, innovative multi-channel solutions.

ORES scrl owns 4,077 shares in N-Allo, so 13.9%, worth €824,216.26.

SHAREHOLDING IN ATRIAS

Atrias, "the round table for the energy market of the future" plays an active role on the energy landscape, not only as a platform for neutral, objective consultation among network operators, suppliers and regional regulators, but more importantly by creating IT systems suitable for centralised market management.

ORES scrl owns 62 shares in Atrias, so 16.7%, worth €3,100.00.

The ORES group's shares as of 31 December 2017 are therefore worth €844,208.18, broken down as follow :

- Shares in N-Allo :	824,216.26 €
- Shares in Atrias :	3,100.00 €
- Shares in Laborelec :	2,018.31 €
- Shares in Igretec :	14,873.61€
Total :	**844,208.18 €**

Contacts

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