



# LIMITED SNCB GROUP: ANNUAL ACCOUNTS

2011



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LIMITED SNCB GROUP: ANNUAL ACCOUNTS **2011**

# INTRODUCTION

## **LIMITED SNCB GROUP: FINANCIAL STATEMENTS AS AT 31 December 2011**

The limited consolidated accounts constitute an appropriate reporting, established in conformity with the article 92 of the management contract binding the Belgian State and SNCB-Holding.

These are SNCB Group consolidated financial statements, but which perimeter is limited to the four companies shaping the Group basis, namely SNCB-Holding, Infrabel, SNCB and SNCB Logistics. This limited perimeter allows to comprehend the economic and financial evolution of the group derived from the former single structure shaped by SNCB until end 2004.

Like SNCB-Holding statutory accounts and consortium consolidated accounts, the limited consolidated accounts as at 31st December 2011 have been prepared according to IFRS standards. They are available for consultation in their full version on the SNCB-Holding website (<http://www.sncb-holding.be/en/about-our-company/annual-report>).

### KEY MESSAGE ON DECEMBER 31st 2011

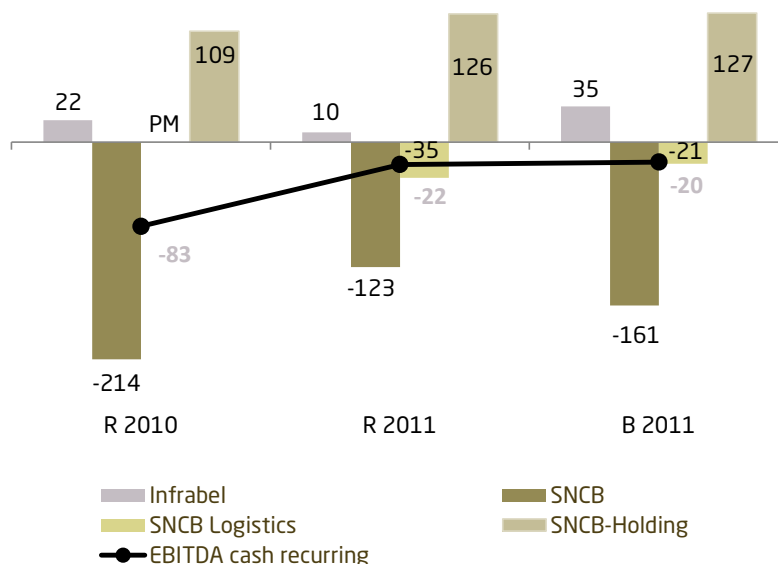
- The accounting year 2011 has been marked by the impact of the saving plans decided in June 2010 by the SNCB Group with the objective to stabilize the Group debt. In this way, saving plans and selective hiring measures lead workforce size to 35.377 FTE as at December 31st 2011, compared to 36.453 FTE one year before.
- The consolidated EBITDA amounts to -57.7 Mio€ but non cash, recurring cash and non recurring cash EBITDA have to be distinguished; their evolution is shown in the following tables:

		EBITDA		
Mio€		Cash	Non cash	Total
<b>31/12/2011</b>		-14,8	-43,0	-57,7
<b>31/12/2010</b>		-18,2	13,6	-4,5

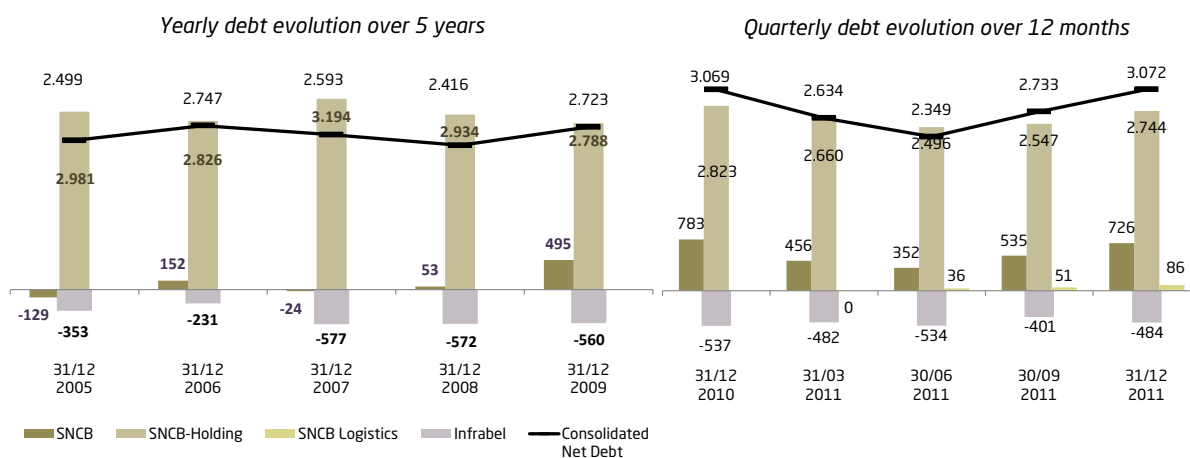
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		EBITDA CASH		
Mio€		Recurring	Non recurring	Total
<b>31/12/2011</b>		-21,9	7,2	-14,8
<b>31/12/2010</b>		-82,8	64,6	-18,2

- The contribution of each entity to the cash recurring EBITDA is the following:



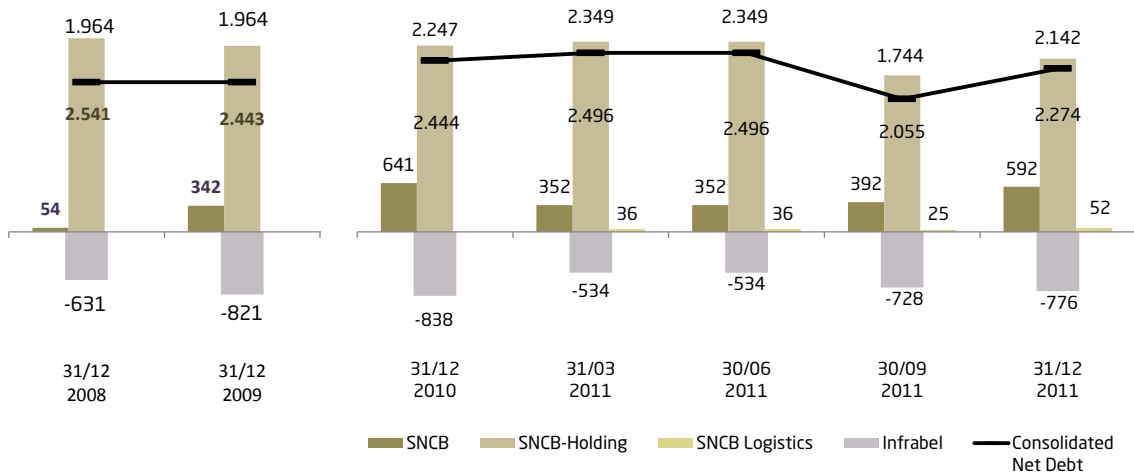
- Cash recurring turnover grows** by 4.6% compared to 2010, in particular in the freight sector and for Infrabel, despite the end of the contribution of carrier activities for Eurostar.
- Cash recurring miscellaneous services and goods grow globally** by 3.9% compared to 2010 following the growth mainly in energy costs and freight carrier outsourcing softened by several decreases, notably consulting costs and IT outsourcing.
- The total consolidated net debt has grown by 3 Mio€** between December 31st 2010 and December 31st 2011 and is split as the following (in Mio €):



- **However, the consolidated debt computed according to the management contract,** meaning the debt for which the Group is responsible and which disregards investments performed for public authorities, as part of an agreement where public authorities ensure the capital and interest charges of these investments, **dropped by 105Mio€.** Its evolution is presented as the following (in Mio€):

Yearly debt evolution over 2 years

Quarterly debt evolution over 12 months





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LIMITED SNCB GROUP: ANNUAL ACCOUNTS 2011

# ANNUAL ACCOUNTS

## GENERAL INFORMATION

### Limited SNCB Group

SNCB Holding, Infrabel, SNCB and SNCB Logistics constitute the "limited SNCB Group".

### Activities

The activities of the companies included in the limited SNCB Group are:

- SNCB Holding, public limited company, whose public service missions are mainly holding and management of its shareholdings in Infrabel and SNCB, security and janitorial services in the railway sector, acquisition, construction, the maintenance and management of stations and their dependencies as well as historic preservation relative to railway operations;
- Infrabel, public limited company, whose public service missions are to ensure an efficient rail infrastructure, with a smooth and safe rail traffic, to provide rail services to railway companies, to assign to railway undertakings on an equitable and nondiscriminatory way and to set rates for the train paths and services;
- SNCB, public limited company, whose two main public service missions are, on one hand, the domestic passenger trains provided by regular trains service and the internal traffic by high-speed trains, and on the other hand, the cross-border transport passenger regular trains service;
- SNCB Logistics, limited company that provides commercial services, including mainly rail transport of goods.

The basic mission assigned to SNCB Holding, Infrabel, and SNCB is twofold: first, to promote rail transport on the Belgian network, providing an alternative to other transport means less environmentally friendly and secondly, to ensure the best possible service so that the evolution of rail traffic is higher than the overall trends for all transport means combined.

### Legal status

SNCB Holding SA is a public limited company whose head office is located Rue de France 56-58, 1060 Brussels. SNCB Holding is registered under the company number 0203.430.576. The last amendments to its statutes were published in the Belgian Official Journal, dated 20 October 2004.

Infrabel SA is a public limited company whose head office is located Place Marcel Broodthaers 2, 1060 Brussels. Infrabel is registered under the company number 0869.763.267. The last amendments to its statutes were published in the Belgian Official Journal, dated 9 March 2011.

SNCB SA is a public limited company whose head office is located Avenue de la porte de Hal 40, 1060 Brussels. SNCB SA is registered under the company number 0869.763.069. The last amendments to its statutes were published in the Belgian Official Journal, dated 4 February 2011.

SNCB Logistics SA is a public limited company whose head office is located Avenue de la porte de Hal 40, 1060 Brussels. SNCB SA is registered under the company number 0822.966.806. The last amendments to its statutes were published in the Belgian Official Journal, dated 27 December 2011.

## Management Board

SNCB Holding Management Board is composed as follows:

Fontinoy Jean-Claude	President of the Board
Haek Jannie	Managing Director
Bruyninckx Eddy	Board member
Gernay Catherine	Board member
Joris Luc	Board member
Matthys Paul	Board member
Schuermans Lieve	Board member
Verdonck Magali	Board member
Vergeyle Marianne	Board member
Wathelet Melchior	Board member

Infrabel Management Board is composed as follows:

Vanderveeren Christine	President of the Board
Lallemand Luc	Managing Director
Colpaert Antoon	Board member
Görrler Fabienne	Board member
Gathon Henri-Jean	Board member
Kerremans Jan	Board member
Offeciers - Van de Wiele Maria	Board member
Vrijdaghs Laurent	Board member



SNCB Management Board is composed as follows:

Bovy Laurence	President of the Board
Descheemaecker Marc	Managing Director
Fontinoy Jean-Claude	Board member
Lauwers Kris	Board member
Lorand Renaud	Board member
Matthis Philippe	Board member
Schuermans Lieve	Board member
Van den Rijse Angeline	Board member

SNCB Logistics Management Board is composed as follows:

Wathelet Melchior	President of the Board
Pauwels Geert	Managing Director
Descheemaecker Marc	Board member
Hansen Jean-Pierre	Board member
Henuset Marie-Ghislaine	Board member
Jousten Alain	Board member
Lorand Renaud	Board member
Matthys Paul	Board member
Roels Roger	Board member
Servais Gaëtan	Board member
Syr José	Board member

## **Auditors**

Auditors of SNCB Holding are:

PKF Bedrijfsrevisoren CVBA represented by Ria Verheyen

Mazars Réviseurs d'entreprises SCRL represented by Philippe Gossart

Court of Auditors represented by Michel de Fays and Ignace Desomer

Auditors of Infrabel are:

PKF Bedrijfsrevisoren CVBA represented by Ria Verheyen

Mazars Réviseurs d'entreprises SCRL represented by Philippe Gossart

Court of Auditors represented by Michel de Fays and Rudi Moens

Auditors of SNCB are:

PKF Bedrijfsrevisoren CVBA represented by Ria Verheyen

Mazars Réviseurs d'entreprises SCRL represented by Philippe Gossart

Court of Auditors represented by Michel de Fays and Rudi Moens

Auditors of SNCB Logistics are:

KPMG Vias SCRL represented by Patrick Van Bourgognie

Mazars Réviseurs d'entreprises SCRL represented by Lieven Acke

## I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

	Notes	31 Decembre	
		2010	2011
<b>Non-current assets</b>			
Intangible assets	6	1.629.968.763,10	1.693.903.041,17
Property, plant and equipment	7	17.464.290.624,34	18.469.447.194,89
<i>A. Land</i>		326.769.455,27	333.902.401,91
<i>B. Buildings</i>		1.115.677.820,03	1.014.280.670,23
<i>C. Railway infrastructure</i>		7.692.324.341,12	7.738.976.750,30
<i>D. Railway rolling stock</i>		3.090.746.102,40	3.157.725.355,80
<i>E. Plant and various equipment</i>		454.218.041,52	489.875.558,64
<i>F. Tangible fixed assets under construction</i>		4.784.554.864,00	5.734.686.458,01
Investment property	8	60.308.916,65	72.359.833,38
Interests and related receivables	9	366.183.750,28	328.866.673,56
Trade and other receivables	10	975.263.509,13	972.506.573,77
Derivatives	12	311.545.711,82	300.544.905,85
Other financial assets	13	1.703.351.720,74	1.661.859.320,56
Deferred tax assets	23	124.071.843,48	158.567.256,16
<b>Subtotal of non-current assets</b>		<b>22.634.984.839,54</b>	<b>23.658.054.799,34</b>
<b>Current-assets</b>			
Inventories	14	447.586.976,22	443.930.683,60
Trade and other receivables	10	1.541.071.103,85	1.665.231.639,43
Derivatives	12	51.161,69	914.373,59
Other financial assets	13	667.797.182,74	410.865.633,77
Current tax assets		-	-
Cash and cash equivalents	15	559.567.024,72	693.037.371,22
<b>Subtotal of current assets</b>		<b>3.216.073.449,22</b>	<b>3.213.979.701,61</b>
<b>Non-current assets held for sale</b>			
Non-current assets held for sale	16	166.952,83	1.826.009,64
<b>TOTAL ASSETS</b>		<b>25.851.225.241,59</b>	<b>26.873.860.510,59</b>

Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31<sup>st</sup> December 2011

## Equity and liabilities

	Notes	31 December	
		2010	2011
<b>Equity</b>			
Share capital	18	3.402.035.429,39	3.903.365.238,19
Share premium	18	499.897.638,80	499.897.638,80
Own shares (-)	18 -	3.205.488.672,85	3.706.818.481,65
Consolidated reserves	19 -	488.520.063,36	793.046.408,84
Total comprehensive income for the financial year	-	304.526.345,48	348.915.048,25
<b>Group equity</b>	-	<b>96.602.013,50</b>	<b>445.517.061,75</b>
Non-controlling interests		-	-
<b>Total equity</b>	-	<b>96.602.013,50</b>	<b>445.517.061,75</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	20	483.004.474,24	458.675.122,63
Provisions	21	221.401.594,73	208.795.205,56
Financial liabilities	22	4.329.847.721,79	4.583.655.642,72
Derivatives	12	269.290.442,86	397.441.518,14
Deferred tax liabilities	23	-	-
Trade and other payables	24	20.000.000,00	29.634.257,93
Grants	26	16.256.511.284,15	17.289.218.021,87
Other amounts payable	27	349.204.915,29	283.358.826,69
<b>Subtotal of non-current liabilities</b>		<b>21.929.260.433,06</b>	<b>23.250.778.595,54</b>
<b>Current liabilities</b>			
Employee benefit obligations	20	41.660.579,04	40.509.173,85
Provisions	21	53.623.858,81	99.765.814,01
Financial liabilities	22	1.021.158.130,07	825.012.376,48
Derivatives	12	35.660.929,24	25.157.468,41
Current tax payables		-	-
Trade and other payables	24	830.366.386,12	1.049.721.586,16
Social debts	25	552.431.318,70	536.784.932,05
Grants	26	571.182.713,35	605.763.175,85
Other amounts payable	27	912.482.906,70	885.884.449,99
<b>Subtotal of current liabilities</b>		<b>4.018.566.822,03</b>	<b>4.068.598.976,80</b>
<b>Liabilities associated with non-current assets held for sale</b>			
Liabilities associated with non-current assets held for sale		-	-
<b>Total liabilities</b>		<b>25.947.827.255,09</b>	<b>27.319.377.572,34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25.851.225.241,59</b>	<b>26.873.860.510,59</b>

Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31<sup>st</sup> December 2011

## II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2010	2011
	<u>Notes</u>		
<b>Continuing operations</b>			
<b>Operating income before investment grants</b>			
Turnover	28	1.557.069.203,80	1.585.946.543,73
Operating grants	26	1.328.520.978,37	1.346.289.341,84
Internally generated fixed assets		509.643.523,48	510.625.952,42
Other operating income	28	141.331.609,92	128.466.292,60
<b>Total of the operating income before investment grants</b>		<b>3.536.565.315,57</b>	<b>3.571.328.130,59</b>
<b>Operating expenses before depreciation and impairment</b>			
Purchase of raw materials and goods for resale	-	197.749.019,34	229.692.093,20
Services and other goods	28	1.170.442.051,22	1.223.510.437,26
Employee benefit expenses	29	2.171.420.501,46	2.111.251.839,03
Other operating expenses	28	1.463.876,95	64.596.627,91
<b>Total of the operating expenses before depreciation and impairment</b>		<b>- 3.541.075.448,97</b>	<b>- 3.629.050.997,40</b>
<b>Operating result before investment grants, depreciation and impairment</b>		<b>- 4.510.133,40</b>	<b>- 57.722.866,81</b>
Investment grants	26	600.703.342,35	704.554.604,75
Depreciation and impairment	-	778.124.903,41	862.207.740,58
<b>Operating result</b>		<b>- 181.931.694,46</b>	<b>- 215.376.002,64</b>
Financial income	30	303.574.578,15	314.875.261,94
Financial expenses	30	- 452.870.544,52	- 505.762.451,43
<b>Net financial result</b>		<b>- 149.295.966,37</b>	<b>- 190.887.189,49</b>
<b>Share of net result of entities accounted for using the equity method</b>	9	-	-
<b>Net result from continuing operations before tax</b>		<b>- 331.227.660,83</b>	<b>- 406.263.192,13</b>
Income taxes	31	21.379.832,30	55.365.703,21
<b>Net result from continuing operations</b>		<b>- 309.847.828,53</b>	<b>- 350.897.488,92</b>
<b>DISCONTINUED OPERATIONS</b>			
Net result for the year from discontinued operations		-	-
<b>NET RESULT FOR THE YEAR</b>		<b>- 309.847.828,53</b>	<b>- 350.897.488,92</b>
<b>Other comprehensive income for the year :</b>			
<b>That will not be reclassified subsequently to profit or loss</b>			
Actuarial differences on post-employment benefits	20	4.304.446,85	22.931.355,07
Tax relating to other comprehensive income	31	1.017.036,20	- 20.948.914,40
<b>Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss</b>		<b>5.321.483,05</b>	<b>1.982.440,67</b>
<b>That will be reclassified subsequently to profit or loss when specific conditions are met</b>			
Translation differences		-	-
Available-for-sale financial assets		-	-
Share of other comprehensive income of entities accounted for using the equity method		-	-
Tax relating to other comprehensive income	31	-	-
<b>Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the year</b>		<b>5.321.483,05</b>	<b>1.982.440,67</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>- 304.526.345,48</b>	<b>- 348.915.048,25</b>

Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31<sup>st</sup> December 2011

	<b>2010</b>	<b>2011</b>
<b>Net result for the year</b>		
Attributable to the shareholders	- 309.847.828,53	- 350.897.488,92
Attributable to non-controlling interests	-	-
	<b>- 309.847.828,53</b>	<b>- 350.897.488,92</b>
<b>Total comprehensive income</b>		
Attributable to the shareholders	- 304.526.345,48	- 348.915.048,25
Attributable to non-controlling interests	-	-
	<b>- 304.526.345,48</b>	<b>- 348.915.048,25</b>

### III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders					Total	Non-controlling interests	Total equity
	Share Capital	Share premium	Own shares	Consolidated reserves				
<b>2010</b>								
<i>Note</i>								
<b>At 1 January 2010</b>	3.401.910.429,39	499.897.638,80	- 3.205.363.672,85	- 488.520.063,36		207.924.331,98	-	<b>207.924.331,98</b>
Net Result 2010	-	-	-	- 309.847.828,53		- 309.847.828,53	-	<b>- 309.847.828,53</b>
Other comprehensive income 2010:	-	-	-	5.321.483,05		5.321.483,05	-	<b>5.321.483,05</b>
Dividend paid to shareholders	-	-	-	-		-	-	-
Dividend paid to non-controlling interests	-	-	-	-		-	-	-
Own shares acquired	-	-	-	-		-	-	-
Own shares ceded	-	-	-	-		-	-	-
Change in the consolidation	-	-	125.000,00	-		125.000,00	-	<b>125.000,00</b>
Other change in equity	125.000,00	-	-	-		125.000,00	-	<b>125.000,00</b>
Share premium	-	-	-	-		-	-	-
<b>At 31 December 2010</b>	<sup>18</sup> <b>3.402.035.429,39</b>	<b>499.897.638,80</b>	<b>- 3.205.488.672,85</b>	<b>- 793.046.408,84</b>		<b>- 96.602.013,50</b>	-	<b>- 96.602.013,50</b>
<b>2011</b>								
<b>At 1 January 2011</b>	3.402.035.429,39	499.897.638,80	- 3.205.488.672,85	- 793.046.408,84		- 96.602.013,50	-	<b>- 96.602.013,50</b>
Net result 2011	-	-	-	- 350.897.488,92		- 350.897.488,92	-	<b>- 350.897.488,92</b>
Other comprehensive income 2011:	-	-	-	1.982.440,67		1.982.440,67	-	<b>1.982.440,67</b>
Dividend paid to shareholders	-	-	-	-		-	-	-
Dividend paid to non-controlling interests	-	-	-	-		-	-	-
Own shares acquired	-	-	-	-		-	-	-
Own shares ceded	-	-	-	-		-	-	-
Change in the consolidation	-	-	-	-		-	-	-
Other change in equity	501.329.808,80	-	501.329.808,80	-		-	-	-
Share premium	-	-	-	-		-	-	-
<b>At 31 December 2011</b>	<sup>18</sup> <b>3.903.365.238,19</b>	<b>499.897.638,80</b>	<b>- 3.706.818.481,65</b>	<b>- 1.141.961.457,09</b>		<b>- 445.517.061,75</b>	-	<b>- 445.517.061,75</b>

## IV. CONSOLIDATED STATEMENT OF CASH FLOWS

**2011**

### CASH FLOW FROM OPERATING ACTIVITIES

<b>Net result for the year</b>	<b>- 350.897.488,92</b>
Adjustments for:	
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	820.909.533,20
Write-down on inventories, impairment losses on trade debtors and other amounts receivable	49.867.799,04
Changes in fair value of financial derivatives	76.894.101,86
Changes in fair value of and impairment losses on other financial assets and financial liabilities	15.966.495,11
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	- 37.358.309,01
Fees on cross-border arrangements recognised in net result	40.733.794,58
Provisions	- 20.162.594,41
Employee benefits	33.535.566,03
Investment grants recognised in net result	- 2.549.401,73
Net of interest income and expenses	- 707.732.905,19
Share of net result of entities accounted for using the equity method	125.714.787,61
Income taxes	- 55.444.327,08
Translation differences	- 551.394,06
<b>Gross cash from operating activities</b>	<b>- 11.074.342,97</b>
<b>Change in net working capital:</b>	
Inventories	- 22.651.742,97
Trade and other receivables	- 206.984.818,03
Trade and other payables, and social debts	116.467.143,28
<b>Cash generated from operations</b>	<b>- 113.169.417,72</b>
Tax paid	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>- 124.243.760,69</b>



2011

**CASH FLOW FROM INVESTING ACTIVITIES**

Acquisition of property, plant and equipment, intangible assets and investment property	- 2.020.789.859,02
Acquisition of financial assets	- 74.737.969,99
Acquisition of subsidiaries, net	- 3.371.781,00
Investment grants received	1.861.571.906,05
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	154.944.801,51
Proceeds from disposal of other financial assets	436.870.741,43
Proceeds from disposal of financial participations and receivables	18.694,00
Interest received	84.810.219,20
Dividends received	7.012.506,14
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>446.329.258,32</b>

**CASH FLOW FROM FINANCING ACTIVITIES**

Increase / (decrease) of financial liabilities	799.380.200,60
Redemption of financial liabilities (including financial lease liabilities)	- 830.060.468,35
Redemption/payments of financial derivatives	54.234.358,78
Interest paid	- 216.168.776,47
Dividends paid	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>- 192.614.685,44</b>

**(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS** **129.470.812,19**

**CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR** **559.566.494,63**

Translation differences -

**CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR** **689.037.306,82**

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 1 - Summary of the main valuation rules

### 1.1 Basis of preparation

The consolidated financial statements of the limited SNCB Group as per 31 December 2011 have been prepared for the first time in accordance with "IFRS" (International Financial Reporting Standards) as adopted by the European Union and that have been published at that date, namely the standards published by the International Accounting Standards Board ("IASB") and the interpretations issued by the IFRIC (International Financial Reporting Interpretations Committee), with the exception of the following standards:

- IAS 27 "Consolidated and separate financial statements";
- IAS 28 "Investments in associates";
- IAS 31 "Interests in joint ventures";
- IFRS 3 "Business combinations";
- Some disclosures required under the IFRS standards.

Up till 31 December 2010, the consolidated financial statements of the limited SNCB Group were only prepared in accordance with Belgian generally accepted accounting principles. Certain valuation rules previously applied therefore had to be adapted to comply with IFRS. The new valuation rules were applied consistently to all periods presented in these consolidated financial statements. The figures for accounting year 2011, the comparative figures for 2010 and the opening statement of financial position at 1 January 2010 (transition date) (not presented) have been restated in accordance with IFRS 1 "First-time adoption of IFRS".

The impact of the transition to IFRS on total comprehensive income for 2010 is explained in note 4.

These consolidated financial statements are prepared based on the principle of the valuation:

- of certain financial assets and liabilities at fair value: derivatives, financial assets available for sale, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss;
- of certain elements of patrimony based on their present value: liabilities and receivables in excess of one year accompanied by a zero interest rate or an abnormally low interest rate as well as non-current provisions. The discount rates used are the IRS according to the duration concerned, except for liabilities related to IAS 19 where discount rates are determined by reference to market yields at the reporting date based on corporate bonds of the first category, and according to their duration;
- of other balance sheet items at their historical cost except for certain revaluations previously recorded in the Belgian accounts and retained in the IFRS accounts as well as certain items of property, plant and equipment for which the limited SNCB Group has opted to apply IFRS 1.18 Appendix D5, which means valuation at fair value at the date of transition to IFRS (1 January 2010) and utilisation of this fair value as deemed cost at that date of transition (mainly railway rolling stock, on the understanding that the same method to determine the fair value is applied by type of railway rolling stock).

There are no new standards that are already issued by the IASB but which are not effective yet at the reporting date for which the limited SNCB Group has decided to early adopt.

A first-time adopter may elect to use one or more of the exemptions permitted by IFRS 1. And the limited SNCB Group has decided to use the following exemptions:

- the valuation of certain items of property, plant and equipment at the date of transition to IFRS at their fair value and utilisation of this fair value as deemed cost at that date;
- the utilisation of revalued amounts (due to revaluation gains on property, plant and equipment previously accounted for in the BGAAP accounts) as deemed cost ;
- the recognition, at the date of transition to IFRS, of all cumulative actuarial gains and losses following the retrospective application of IAS 19 Employee Benefits, in retained earnings. Only actuarial gains and losses as from 1 January 2010 onwards are recorded in other comprehensive income;
- the designation of financial assets at fair value through profit or loss based on the facts and circumstances existing at the date of transition
- the application of borrowing costs relating to qualifying assets only for those for which the starting date for incorporation into the cost of the asset is on or after the transition date.

The consolidated statement of cash flows for the year ended 31 December 2011 has been prepared in accordance with IFRS. No statement of cash flows has been provided in the annual accounts in accordance with Belgian generally accepted accounting principles.

## 1.2 Consolidation

The limited SNCB Group is composed of four entities: SNCB Holding, Infrabel, SNCB and SNCB Logistics (the “four entities”).

For the purpose of the preparation of the consolidated accounts of the limited SNCB Group, the four entities are considered to be parent companies. Intra-group balances and transactions between the four entities require to be fully eliminated. Non-realised intra-group profits and losses between the four entities are adjusted.

‘Common control’ transactions are treated according to the ‘predecessor’ accounting method.

For the purpose of the consolidation of the four entities, the consolidated financial statements are prepared using uniform accounting principles for transactions and other, similar events within the limited SNCB Group.

The subsidiaries over which the four entities exercise control, directly or indirectly, are accounted for according to the method of acquisition cost less any possible impairment losses. Control is the power to manage the financial and operational policies of an entity so as to derive benefits from its operations.

The entities over which the four entities exercise joint control together with one or more parties pursuant to a contractual arrangement with those parties, as well as associate holdings over which the four entities exercise directly or indirectly significant influence without exercising control, are also accounted for according to the method of acquisition cost less any possible impairment losses.

The limited SNCB Group did not record any goodwill, negative consolidation differences, nor non-controlling interests as the four entities are considered to be parent companies.

### 1.3 Foreign currency transactions

Both realised and non-realised gains and losses from exchange rate differences on monetary assets and liabilities at the closing date are included in the net result.

### 1.4 Intangible assets

An intangible asset is recorded on the statement of financial position when the following conditions are met:

- the asset is identifiable, i.e. either it can be separated (if it can be individually sold, moved or rented out) or it results from contractual or legal rights;
- it is probable that the asset will generate economic benefits for the limited SNCB Group;
- the limited SNCB Group has control over the asset;
- the cost of the asset can be measured reliably.

Intangible assets are measured according to the cost model, i.e. at the initial cost price less any accumulated straight-line depreciation and any accumulated impairment losses.

The initial cost of intangible assets:

- that **are acquired separately** includes costs directly attributable to the transaction (purchase price net of trade discounts and other rebates), excluding indirect costs;
- that **are generated internally** is equal to the sum of the expenses incurred as from the date the assets first meet the recognition criteria as set down in IAS 38, i.e. as from the time the limited SNCB Group can show (1) that the project is technically feasible, (2) that there is an intention of using or selling the asset, (3) how the asset will generate future economic benefits, (4) that there exist adequate resources to complete the project and (5) that the expenditure can reliably be measured. These expenses include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking account of all the costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still partially employed).

Only the development costs of internally generated software are capitalised; research costs are recognised immediately in the net result. The development costs only include: (a) design (functional and technical blueprint), (b) programming and configuration, (c) developing interfaces, (d) technical documentation for internal use, (e) hardware integration and (f) testing.

Later expenditure subsequent to the initial recognition is recognised in the net result, except if it can be shown that it generates new, material economic benefits.

The value of the asset also includes borrowing costs if the intangible assets are not ready for use or sale for over a year. The capitalisation percentage is either equal to that for a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the limited SNCB Group, excluding loans that have been contracted specifically.

Intangible assets are amortised on a straight-line basis over their probable useful life. The amortisable amount corresponds to the acquisition cost, the residual value being supposed to be equal to zero. The useful lives applied are the following:

Categories	Probable useful life
ERP development costs	10 years
Other software development costs	5 years
Websites	3 years
Software acquired from third parties	5 years

The operational licence for using the Belgian railway network for the management of the railway infrastructure is amortised over a period of 99 years.

Amortisation starts at the time when the asset is ready for use.

The useful life and amortisation method for intangible assets with a limited useful life are reviewed annually on the balance sheet date. Changes in estimated useful life or anticipated consumption of future economic benefits generated by the asset are accounted for by changing the useful life or amortisation method, as the case may be, and are treated as changes in accounting estimates.

Intangible assets that are not yet ready for use are subject to an annual impairment test on the balance sheet date.

## 1.5 Property, plant and equipment

Property, plant and equipment are measured according to the cost model, at initial cost less accumulated depreciation and any accumulated impairment charges. The initial cost includes:

- the costs directly attributable to the purchase transaction, after deduction of trade discounts and rebates;
- directly attributable costs to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the limited SNCB Group;
- the initial estimate of the costs of dismantling and removing the asset or restoring the site on which it is located (obligation that the limited SNCB Group incurs these costs either upon purchase or in manufacturing the asset).

The cost therefore does not include study costs and the costs of feasibility studies incurred in connection with construction projects of property, plant and equipment (stations, sites, etc.), the costs of management and general administration or salary costs and other operating expenses that cannot be allocated to an investment activity.

The initial cost price of property, plant and equipment that is generated internally is equal to the sum of the expenditure incurred from the time the assets first meet the recognition criteria set down in IAS 16, i.e. where it is probable that the future economic benefits will flow to the limited SNCB Group and the cost of the asset can be reliably determined. These expenses include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking account of all the costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still employed part-time). In addition, later expenditure subsequent to the initial recognition is recognised in the net result, except if it can be shown that it generates new, material economic benefits.

The costs of maintenance and repairs that merely maintain the value of property, plant and equipment without raising it are recognised in the net result. However, the costs of major maintenance and major repair works that increase the future economic benefits that the asset generates are recognised as a separate component of the cost price. The cost price of property, plant and equipment is split among material (sub-) components. These material (sub-) components, which are replaced at regular intervals and therefore have a useful life that differs from that of the main asset, are depreciated over their own, specific useful life. In the case of a replacement, the asset is no longer recognised in the statement of financial position and the new asset is amortised over its own useful life.

The value of the asset also includes borrowing costs if the property, plant and equipment are not ready for use or sale for over a year. The capitalisation percentage is either equal to that for a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the limited SNCB Group, excluding loans that have been contracted specifically.



Property, plant and equipment are fully depreciated over their probable useful life using the straight-line method of depreciation. The depreciable amount is usually the cost of the asset. The useful lives applied are as follows:

Property, plant and equipment	Probable useful life
Land	Not applicable
Administrative buildings	60 years
Components of administrative buildings	10 to 30 years
Industrial buildings	30 to 50 years
Components of industrial buildings	10 to 30 years
Residential properties	50 years
Components of residential properties	15 to 20 years
Stations	100 years
Components of stations	6 to 40 years
Car parks	100 years
Components of car parks	10 to 20 years
Track and associated components	25 to 100 years
Structures and associated components	20 to 120 years
Level crossings and associated components	10 to 25 years
Railway infrastructure - signalling	7 to 35 years
Miscellaneous railway infrastructure	7 to 50 years
Railway rolling stock, excluding wagons and carriages	25 to 60 years
"Mid-life" component of railway rolling stock	15 to 30 years
Carriages and wagons	30 years
Overhaul of carriages and wagons	9 years
Other plant and various equipment	4 to 30 years
Furniture	10 years
ICT	4 to 10 years
Road vehicles	2 to 10 years
Ships	5 to 30 years
Leasehold improvements to property, plant and equipment	Shorter of: term of the contract and useful life of the component

The useful life and depreciation method for property, plant and equipment are reviewed annually on the balance sheet date. Changes in estimated useful life or anticipated consumption of future economic benefits generated by the asset are accounted for by changing the useful life or depreciation method, as the case may be, and are treated as changes in estimates.

Concessions in stations are recognised under property, plant and equipment.

## 1.6 Lease contracts

### 1.6.1 *Lease contracts for which the limited SNCB Group is the lessee*

A lease contract is recorded as a finance lease if the limited SNCB Group acquires virtually all the risks and rewards incidental to ownership of the asset. The limited SNCB Group recognises these finance leases on the assets and liabilities sides for amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is recognised partly as a finance cost and partly as reimbursement of the liability. The finance cost is spread over the various lease commitment periods so as to result in a constant periodic charge over the remaining balance of the liability. Property, plant and equipment that are subject to finance lease are depreciated over the shorter of the lease term and the useful life of the asset.

A lease commitment is booked as an operating lease where virtually all risks and rewards incidental to ownership of the asset are not acquired by the lessee. Lease payments relating to an operating lease are recognised as costs on a straight-line basis in the net result over the lease term.

### 1.6.2 *Lease contracts for which the limited SNCB Group is the lessor*

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

The finance lease operations are, for the lessor, accounted for as a sale combined with a financing. The asset is derecognised from the statement of financial position (with capital gain or loss recognised in net income) and a receivable is recognised representing the cash flows to be received relating to both principal and interest.

### 1.6.3 *Cross-border arrangements*

Various financing arrangements ('sale and leaseback' transactions, 'sale and rentback' transactions, 'lease and leaseback' transactions, 'rent and rentback' transactions or 'concession and concession back' transactions) are set up by the limited SNCB Group, mainly for purchases of rolling stock. These transactions are recognised based on their economic substance according to SIC 27. Property, plant and equipment are still recognised in the limited SNCB Group's consolidated financial statements. The investment accounts and related payment obligations towards lenders are recognised in the consolidated statement of financial position except for investment accounts contracted with a public authority with a high quality rating, or with a counterparty that is guaranteed by a State with a high quality rating, or counterparties of these arrangements. The fees received according to these arrangements are spread over the duration of the arrangements.

## 1.7 Investment properties

An investment property is property (land or a building) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation, rather than for:

- use in the production or supply of goods or services or for administrative purposes; **or**
- sale in the ordinary course of business.

IAS 40 is only applicable to investment properties for mixed use in the case that:

- the portion held to earn rentals or to get capital gains and the portion held for own use can be sold separately;
- the portion held for own use amounts to less than 5% of the whole.

Investment properties are measured according to the cost model. All accounting principles relating to property, plant and equipment are therefore likewise applicable to investment properties.

## 1.8 Interests and related receivables

Subsidiaries as well as entities over which the four entities of the limited SNCB Group exercise, directly or indirectly, joint control together with one or more parties pursuant to a contractual arrangement with those parties, and associate entities, over which the four entities of the limited SNCB Group exercise, directly or indirectly, significant influence without exercising control, are accounted for according to the method of acquisition cost less any possible impairment losses.

An impairment loss is recorded on interests and related receivables when the carrying value is greater than the recoverable amount. These interests are subject to an impairment test if there is an objective indication that the interests have suffered an impairment loss. The method that is recommended is the Capital Asset Pricing Method, this is the present value of future cash flows.

## 1.9 Impairment losses

An impairment loss is recorded on intangible assets (including goodwill) and property, plant and equipment when the carrying value of the asset is greater than its recoverable amount. The recoverable amount of an asset is the greater of:

1. its fair value less costs to sell (being the amount that the limited SNCB Group would receive upon sale of the asset); and
2. its value in use (being the amount that SNCB Group would generate by continuing to utilise the asset).

Where possible, these tests are carried out for each individual asset. However, if the assets do not generate independent cash flows, the test needs to be done at the level of the cash-generating unit (or 'CGU') to which the asset belongs (CGU = the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets).

When an impairment loss is established, it is allocated to the assets of the CGU in proportion to their carrying values, but only to the extent that the allocation does not lower the carrying values of the assets below their fair value less selling

expenses. Impairment losses against property, plant and equipment are written back if this is justified in the circumstances.

It is possible to account for an impairment loss on an individual asset resulting from an indication of impairment related to that individual asset (e.g. as a result of damage suffered), regardless of whether the asset is or is not (fully or partially) financed by grants.

Impairment losses cannot be recorded on assets that are part of a CGU that is fully financed by grants. If impairment losses are determined for CGUs that are partially financed by grants, they must be allocated proportionally to the assets (and to the investment grants relating to them).

## 1.10 Inventories

Inventories shall be measured at the lower of cost and net realisable value.

The cost of replaceable inventories is fixed by applying the weighted average price method. Inventories of lesser importance and whose value and composition remain stable over the period are recognised in the statement of financial position at a fixed value.

The cost of inventories includes the acquisition cost and other costs incurred in bringing the inventories to their present location and condition. The cost of produced inventories includes the direct and indirect production costs, except for finance costs and overheads that do not contribute in bringing the inventories to their present location and condition.

A write-down is recorded if the net realisable value of an item of inventory on the balance sheet date is less than its carrying value. Slow-moving spare parts are subject to a write-down on the basis of technical and economic criteria.

## 1.11 Trade and other receivables

Receivables are initially measured at nominal value and, after initial recognition, at their amortised cost, i.e. the present value of the receivable cash flows (except where the impact of discounting is not significant).

Receivables are measured individually. Impairment losses are recognised where cash recovery is in doubt or uncertain in whole or in part.

Prepayments and accrued income are also accounted for under "Trade and other receivables".

## 1.12 Derivatives

Derivatives are recognised in the statement of financial position at their fair value on each balance sheet date, determined using various measurement techniques. Changes in fair value are recognised in the net result.

The limited SNCB Group makes use of derivatives (IRS, IRCS, FRA, foreign exchange forward contracts, caps, floors, collars, etc.) to hedge against possible untoward developments in interest rates, exchange rates, inflation levels or energy prices. The limited SNCB Group does not use derivatives for speculative purposes.

However, certain derivative transactions, although constituting a cover from an economic point of view, do not meet the strict criteria of IAS 39 for applying hedge accounting. In case of hedges as defined in IAS 39, specific rules apply relating to the accounting of the effects of the hedges and those of the hedged operations in the income statement of the same accounting year. The limited SNCB Group has decided not to apply the hedge accounting principles.

### 1.13 Other financial assets

Financial investments are, with the exception of derivatives and financial assets at fair value through profit or loss, initially measured at fair value of the consideration paid to acquire them, including transaction costs.

Afterwards they are classified into different categories and a valuation rule specific for each category is applied:

(1) Financial assets at fair value through profit or loss include (a) financial assets held for trading and (b) assets for which the limited SNCB Group decided on a voluntary basis to classify them, at inception, in the category 'at fair value through profit or loss'. Derivatives are also designated as held for trading unless they are qualified as hedging transactions. These financial assets are measured at fair value at each balance sheet date with any changes in fair value being recognised in net result.

(2) Held-to-maturity investments are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the limited SNCB Group has the positive intention and ability to hold to maturity. These assets are valued at amortised cost.

(3) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recorded in the statement of financial position under trade and other receivables at amortised cost using the effective interest method.

(4) Available-for-sale financial assets are a residual category that includes all financial assets not classified in one of the categories mentioned above, for which the limited SNCB Group does not have both the intention and the ability to hold to maturity. These available-for-sale financial assets are recorded at fair value. Changes in fair value are reported in other comprehensive income until the assets are impaired or sold. At the time of sale, gains or losses accumulated in other comprehensive income are recycled into net income.

A financial asset that is not recorded at fair value through profit or loss is reviewed at each closing date to determine whether there is objective evidence of impairment. An impairment loss is recognised if there is objective evidence that an

adverse event occurred after the initial recognition of the asset, and that this event has a negative impact on the estimated future cash flows of the asset.

Purchases and sales of financial assets are recognised at settlement date.

## 1.14 Cash and cash equivalents

This includes cash on hand and at bank, amounts in the process of collection, short-term investments (with an initial maturity of no more than three months), extremely liquid, short-term investments that are easily convertible into a known sum of money and that are hardly subject to changes in value, together with bank overdrafts. The last of these are recorded under financial liabilities on the liabilities side of the statement of financial position.

Cash and cash equivalents are recognised in the statement of financial position at their amortised cost.

## 1.15 Non-current assets held for sale

A non-current asset (or group of assets) is classified as held for sale if its carrying amount is recovered principally through a sales transaction rather than through continuing use. This means that the asset is available for an immediate sale in its current condition and that the sale is very probable (official decision to sell, active search for a buyer, very probable sale within a year).

The non-current assets held for sale are no longer depreciated, but are subject to impairment, if necessary, in order to bring their carrying value down to their lower realisable value.

## 1.16 Discontinued operations

A discontinued operation is an activity that either meets the criteria for being classified as held for sale or has been disposed of, and additionally meets the following criteria:

- the cash flows from the activity can be distinguished, operationally and for financial reporting purposes;
- the activity is a separate major line of business or geographical area of operations;
- it is part of a single co-ordinated sales plan or is being purchased with a view of resale.

## 1.17 Share capital, share premium account and own shares

### 1.17.1 Ordinary shares

The ordinary shares are classified under the 'Share capital' section. The share capital comprises two categories:

- issued share capital, consisting of amounts that the shareholders have committed to paying up in full;
- uncalled share capital: the portion of the issued share capital over which the board of directors of one of the consolidated entities has not yet issued a call.

### 1.17.2 *Own shares*

The own shares are shares of one of the four entities held by one or several of the four entities.

The value of these own shares is deducted from the equity figure. Movements in the own shares do not affect the total comprehensive income.

## 1.18 **Employee benefits**

### 1.18.1 *Short-term employee benefits*

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of period in which the employees render the related service. Short-term employee benefits are recognised in expenses when the related service has been rendered by the staff members. Employee benefits that have not yet been paid out on the balance sheet date are recognised under the 'Social debts' section.

### 1.18.2 *Post-employment benefits*

Post-employment benefits are employee benefits that are due after the completion of employment.

Post-employment benefits can be subdivided into two categories:

- defined contribution plans: these are plans where the limited SNCB Group pays contributions to a separate entity and has no legally enforceable or *de facto* obligation to pay any additional contributions. These contributions are recognised in expenses over the periods during which service has been rendered by the staff members. If contributions were paid upfront (or have not yet been paid), they are recognised on the assets (or liabilities) side of the statement of financial position;
- defined benefit plans: these are all plans that are not defined contribution plans.

Post-employment benefits that fall under the category of defined benefit schemes are measured based on an actuarial valuation. They are accounted for (after deduction of any plan assets) to the extent that the limited SNCB Group must bear the costs resulting from the service rendered by the staff members. This can result from Law, a contract, or "vested rights" based on past practice (constructive obligation). The actuarial method to be used is the projected unit credit method.

The discount rate used is based on the market rates on the calculation date of high quality corporate bonds with a similar duration than the liabilities. The other actuarial assumptions (mortality rates, future salary increase, inflation, etc.) are the limited SNCB Group's best estimates.

Since actuarial assumptions are used to measure these liabilities, actuarial gains and losses inevitably arise, resulting from changes in the actuarial assumptions from one financial year to the next and also from differences between the actuarial assumptions used and reality. The limited SNCB Group has opted to fully recognise actuarial gains and losses relative to post-employment benefits in other comprehensive income.



### *1.18.3 Other long-term employee benefits*

The other long-term employee benefits are employee benefits that are not due to be settled within 12 months after the end of period in which the employees render the related services.

The figure recognised in the statement of financial position is equal to the present value of the liabilities, less any fair value of plan assets. Calculations are made according to the projected unit credit method. The actuarial gains and losses are recognised in the net result.

### *1.18.4 Termination benefits*

Termination benefits are benefits payable as a result of the limited SNCB Group's decision to terminate an employee's employment (or of a group of employees) before the normal retirement date, or an employee's decision (or of a group of employees) to accept voluntary redundancy in exchange for those benefits.

A liability measured on an actuarial basis is recognised for these payments to the extent that the limited SNCB Group has an obligation. The liability is discounted if benefits are payable after 12 months.

For all these employee benefits (with the exception of short-term employee benefits), the interest cost represents the passage of time. It is accounted for under financial expenses.

## **1.19 Provisions**

A provision is only recognised if:

1. the limited SNCB Group has a present obligation (legal or constructive) to incur expenditure further to a past event;
2. it is probable that an outflow of resources will be required; **and**
3. a reliable estimate can be made of the amount of the obligation.

If significant (mainly for long-term provisions), the provision has to be discounted. The effect of the time value of money on the provision is recognised in financial expenses. The discount rate is the IRS according to the duration of the future cash flows.

A provision for environmental obligations (soil clean-up, etc.) is only recognised if the limited SNCB Group has a legal or constructive obligation.

If the limited SNCB Group has an onerous contract, a provision has to be accounted for. Before a provision for onerous contract is accounted for, the limited SNCB Group accounts for any impairment losses on the assets that are used in executing the related contract.

Provisions for future operating losses are forbidden.

A provision for restructuring is only recognised if it can be shown that the limited SNCB Group is under a constructive obligation to restructure, and to do so no later than at the balance sheet date. This obligation needs to be evidenced by:

- the existence of a detailed formal plan in which the most important features of the restructuring are identified; **and**
- the start of implementation of the plan or notification of the most important features of the plan to the relevant persons.

## 1.20 **Financial liabilities**

Financial liabilities are initially measured at fair value, less - for financial liabilities other than those at fair value through profit or loss - transaction costs relating to the issuance of loans. Following their initial recognition, financial liabilities other than those at fair value through profit or loss, are measured at their amortised cost by applying the effective interest method, with amortisation of the issue or redemption premiums through the net result.

## 1.21 **Income taxes - Deferred tax assets / liabilities**

Income taxes comprise both current and deferred taxes. The current tax comprises the taxes to be paid (or recovered) on the taxable result of the past financial year, together with any adjustment to the taxes to be paid (or recovered) with regard to previous accounting years. The figure is in practice usually calculated with reference to the tax rate on the balance sheet date.

The deferred tax on temporary differences between the tax base of an asset or liability and the carrying value in the consolidated IFRS financial statements is calculated according to the balance sheet liability method. The deferred tax is measured on the basis of the expected tax rate at the time the asset is realised or the liability is settled. In practice, it is usually the tax rate in force on the balance sheet date that is applied.

Nonetheless, there are no deferred taxes on the initial recognition of assets and liabilities that have no effect on the accounting profit or taxable profit.

Deferred tax assets are only recognised when it is probable that taxable profit will be available for crediting the existing deductible temporary differences in future reporting periods, for instance those resulting from recoverable tax losses. This criterion is tested on each balance sheet date.

Both current and deferred taxes are calculated at the level of each taxable entity. The (deferred) tax assets and (deferred) tax liabilities belonging to different subsidiaries may not be netted.

## 1.22 **Trade and other payables**

Trade and other payables are initially measured at nominal value and subsequently at amortised cost, i.e. the present value of the future cash flows (except where the impact of discounting is not significant).

## 1.23 Social debts

Social debts are initially measured at nominal value and subsequently at amortised cost, i.e. at the present value of the future cash flows (except where the impact of discounting is not significant).

## 1.24 Grants

Operating grants are recognised in net result under the section 'Operating income before investment grants'.

Investment grants acquired within the framework of investments in intangible assets and property, plant and equipment are accounted for on the liabilities side of the statement of financial position and are accounted for in operating income ('Investment grants' section) in proportion to the depreciation on the assets for which they were received.

Financial grants received in the context of loans are deducted from financial expenses.

## 1.25 Other amounts payable

Other amounts payable are initially measured at nominal value and, after initial recognition, at amortised cost, i.e. at the present value of the future cash flows to be paid (except where the impact of discounting is not significant).

The dividends that the limited SNCB Group distributes to its shareholders are accounted for under "other amounts payable" in the financial statements during the period in which they were authorised by their shareholders. Deferred income, i.e. the portion of income that is collected ahead of time during the current financial year or during previous financial years but which relates to a subsequent financial year, is also recorded under 'Other amounts payable'.

## 1.26 Operating income and operating expenses

Revenues associated with services are accounted for in net result according to the completion of the services.

Revenues deriving from the sale of goods are accounted for in net result when the risks and rewards incidental to ownership of the asset are transferred from the seller to the buyer.

Operating grants received from the State as a compensation for public service missions due by the limited SNCB Group are accounted for in the turnover during the related period. Rentals from investment properties and concessions in stations are also included in the turnover.

Revenues and costs associated with construction contracts shall be recognised as income and expenses respectively, by reference to the stage of completion of the contract activity and to the expected margin at the end of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately. The percentage of completion is determined by comparing the actual contract costs for the activities executed up till the date concerned with the estimated total cost of the project.

Costs relating to services or to the sale of goods are included in operating charges.

## **1.27 Financial income and financial expenses**

The income resulting from interests is recognised in the net result if it is acquired using the effective interest method. Dividends are recognised in the net result as from the time at which the limited SNCB Group acquires the right to collect the payments.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the net result using the effective interest method. Gains and losses from exchange rate differences are recognised on a net basis.

## **1.28 Rights and obligations**

The rights and obligations that are not recognised in the statement of financial position are listed by category if they are likely to have a material influence on the financial statements.

This concerns in particular rights and obligations resulting from orders placed or received, forward contracts, bonds, guarantees or collaterals, whether real or not, entered into by the limited SNCB Group in favour of third parties, or from the receipt in deposit or pledge of assets belonging to third parties.

## **1.29 Cash flow statements**

The cash flow statements from operating activities are presented using the indirect method, according to which the net result is adjusted for the effects of transactions without cash flows, movements in working capital and elements of income or expenses related to cash flows on investment and financing activities.

## Note 2 - Capital and financial risk management

### 2.1 Capital Management

The limited SNCB Group's policy for capital management consists in maintaining a financial structure that allows it to ensure its development and thus keep on providing a quality service to its customers. The limited SNCB Group has the objective to reduce its net debt in order to reach an optimal capital structure that allows it to ensure a strategic financial flexibility for its future growth. For this purpose, the limited SNCB Group keeps a close track on its net debt level.

The limited SNCB Group defines its net debt as:

- 1) The balance of the nominal value of bank loans, bonds and commercial paper issued, bank deposits and financial assets bought on the capital markets.
- 2) Less the balance of back-to-back operations as described in the Royal Decree of 30 December 2004 - Appendix 4 of the Belgian Official Journal, 31/12/2004.

The net debt as at 31 December 2010 and 2011 is as follows:

	<b>EUR</b>
Total net liabilities at 31 December 2011	3.071.981.242,67
Total net liabilities at 31 December 2010	3.069.197.284,39
<b>Change in net liabilities</b>	<b>2.783.958,28</b>

### 2.2 Financial Risk Management

#### Debt management

Debt must be understood as not only debts accounted in the statement of financial position (borrowings and finance leasing) but also off-balance long-term lease commitments.

Main items of debt management:

Debt management requires that debt be contracted, to the extent possible, for periods chosen on the basis of the expected evolution of future cash flows and with the objective to level and reduce treasury balances as much as possible.

- Any structural treasury surplus must be used, to the extent possible, to reduce debt.
- Long-term net debt of the limited SNCB Group must be contracted for two-thirds as fixed rate borrowings and for one-third as floating rate borrowings.
- The weighted residual maturity of long-term debt of the limited SNCB Group is fixed at a minimum of 5 years.
- The repayment of the debt is spread over time, in terms of liquidity as well as in terms of interest rate risk.
- Bank borrowings (above one year) can only be concluded after a price inquiry with 3 banks.
- Any use of a Belgian or international capital market must be preceded by a price valuation from at least 3 different financial intermediaries.

- Financial and operational lease transactions can only be concluded depending on opportunities presented and subject to prior approval by the Board of Directors.
- Any debt operation, even a short-term one, that generates a currency risk, must be immediately and fully hedged in EUR in order to eliminate the currency risk on the principal and on the interest.

### **Treasury management**

Treasury management must be understood as centralised treasury management (e.g. cash flows over a year) of SNCB Holding, its subsidiaries and those managed in the name and for the account of Infrabel, SNCB, SNCB Logistics and possibly their subsidiaries. Payment conditions of short-term loans or borrowings to the benefit of or to be borne by the limited SNCB Group of all the entities considered under the centralisation perimeter are those prevailing in the market on an arm's length basis.

Main items of treasury management:

- Any structural treasury surplus must be used, to the extent possible, to reduce debt.
- Any structural treasury deficit must be consolidated by long-term debts.
- Treasury surpluses must be invested, under the conditions prevailing in the market on an arm's length basis, preferably in subsidiaries with treasury deficits.
- Investment limits must be respected in the case of treasury surplus after deducting necessary investments in subsidiaries, or in the case of necessary placements for leasing transactions and long-term renting.
- Any investment implying currency risk must be immediately and fully hedged in EUR in order to eliminate the currency risk on the principal and on the interest except if the investment (in currency) itself concerns the hedging of a currency risk in relation to a leasing or long-term renting transaction.
- In order to finance treasury deficits, SNCB Holding first turns to Infrabel, SNCB, SNCB Logistics and possibly their subsidiaries for treasury surplus, and that under conditions prevailing in the market on an arm's length basis.
- In order to finance other debts, the limited SNCB Group relies on credit lines (confirmed, unconfirmed and so-called "evergreen" ones) and issues short-term EUR-denominated commercial paper by public offering through at least 3 banking institutions.
- Currency risks generated in the course of operations and investment, as long as they concern amounts over EUR 1 million, must be hedged as stated hereinafter, to the extent possible, depending on market conditions and the exchange rate used at the time of the acquisition decision or pricing.
  - Exchange risks related to investment expenses must be 100% hedged, irrespective of maturity.
  - Exchange risks related to operating income and expenses must be 100% hedged for current and prior year.

### **Operations on derivatives**

Derivatives must be understood as swaps, forward rate agreements, options, forward exchange contracts and futures that have as underlying asset an interest rate, inflation, an exchange rate, energy commodities (e.g. fuel for combustion engines and electricity for electricity engines) or a credit.

Main items of management of operations on derivatives:

- Any operation on derivatives is tested for compliance with the requirements imposed by proper debt and treasury management.
- The aim of any operation on derivatives is to achieve a perfect hedge in EUR (with a fixed or floating interest rate). At any time, it must hedge an existing borrowing or an existing investment.
- For new hedges, only references in EUR can be used as a reference interest rate. As a short-term interest rate reference, use can only be made of references other than short-term ones, preferably Euribor 1Y, provided that the related costs (against Euribor 1M, 3M and 6M) may be justified.
- Investments and borrowings must be aligned with each other in order to limit short-term risks.
- For hedging transactions, at least three counterparts must be previously consulted.

### 2.2.1 Market Risk: Currency Risk

The limited SNCB Group is exposed to currency risk arising from borrowing operations in foreign currencies.

Any significant borrowing operation, even a short-term one, that generates a currency risk, must be immediately and fully hedged in EUR (principal and interest) using derivatives. The hedged position can be subject to a floating or fixed interest rate. Assets and Liabilities relative to cross-border arrangements are in USD and in JPY, but the limited SNCB Group is not exposed to currency risk.

#### a. Financial instruments by currency

	31/12/2010				Total
	EUR	USD	JPY	Other	
<b>Financial assets</b>					
Trade and other receivables	2.293.267.934,19	255,27	-	290,49	2.293.268.479,95
Financial derivatives	63.233.813,97	259.103.507,61	- 10.740.448,07	-	311.596.873,51
Other financial assets	1.370.471.871,02	967.079.011,49	33.598.020,97	-	2.371.148.903,48
Cash and cash equivalents	559.372.828,57	186.996,12	43,00	7.157,03	559.567.024,72
<b>Total financial assets</b>	<b>4.286.346.447,75</b>	<b>1.226.369.770,49</b>	<b>22.857.615,90</b>	<b>7.447,52</b>	<b>5.535.581.281,66</b>
<b>Financial liabilities</b>					
Financial liabilities	3.844.443.886,54	1.506.405.267,73	-	156.697,59	5.351.005.851,86
Financial derivatives	526.334.705,14	- 245.619.345,20	24.236.012,16	-	304.951.372,10
Trade and other payables	830.148.022,82	13.796,40	11.104,63	193.462,27	830.366.386,12
Other amounts payable	883.844.576,59	73.848,27	- 35.719,11	-	883.882.705,75
<b>Total financial liabilities</b>	<b>6.084.771.191,09</b>	<b>1.260.873.567,20</b>	<b>24.211.397,68</b>	<b>350.159,86</b>	<b>7.370.206.315,83</b>
<b>Hedging differences</b>	<b>- 1.798.424.743,34</b>	<b>- 34.503.796,71</b>	<b>- 1.353.781,78</b>	<b>- 342.712,34</b>	<b>- 1.834.625.034,17</b>

	31/12/2011				Total
	EUR	USD	JPY	Other	
<b>Financial assets</b>					
Trade debtors and other amounts receivable	2.349.710.130,65	39.600.442,06	-	-	2.389.310.572,71
Financial derivatives	144.013.797,91	169.039.943,25	11.594.461,72	-	301.459.279,44
Other financial assets	1.124.301.978,88	913.534.817,82	34.888.157,63	-	2.072.724.954,33
Cash and cash equivalents	693.036.155,97	-	-	1.215,25	693.037.371,22
<b>Total financial assets</b>	<b>4.311.062.063,41</b>	<b>1.122.175.203,13</b>	<b>23.293.695,91</b>	<b>1.215,25</b>	<b>5.456.532.177,70</b>
<b>Financial liabilities</b>					
Financial liabilities	3.979.082.788,77	1.429.585.230,43	-	-	5.408.668.019,20
Financial derivatives	713.681.893,04	316.548.115,69	25.465.209,20	-	422.598.986,55
Trade and other payables	1.048.116.206,36	1.387.177,65	-	218.202,15	1.049.721.586,16
Other amounts payables	660.309.623,39	86.052,13	-	61.775,41	660.333.900,11
<b>Total financial liabilities</b>	<b>6.401.190.511,56</b>	<b>1.114.510.344,52</b>	<b>25.465.209,20</b>	<b>156.426,74</b>	<b>7.541.322.492,02</b>
<b>Hedging differences</b>	<b>- 2.090.128.448,15</b>	<b>7.664.858,61</b>	<b>- 2.171.513,29</b>	<b>- 155.211,49</b>	<b>- 2.084.790.314,32</b>

## b. Currency-derivatives

		31/12/2010		31/12/2011	
		Total fair value	Total nominal value	Total fair value	Total nominal value
<b>Purchased currencies</b>					
	USD	77.969.637,70	74.457.377,67	69.460.119,32	66.411.623,77
	JPY	34.976.460,23	29.471.544,71	37.059.670,92	31.836.327,34
	Others	-	-	-	-
<b>Purchased currencies - Total</b>		<b>112.946.097,93</b>	<b>103.928.922,38</b>	<b>106.519.790,24</b>	<b>98.247.951,11</b>
<b>Sold currencies</b>					
	USD	580.838.932,96	484.637.150,09	555.048.178,26	406.219.144,37
	JPY	-	-	-	-
	Others	-	-	-	-
<b>Sold currencies - Total</b>		<b>580.838.932,96</b>	<b>484.637.150,09</b>	<b>555.048.178,26</b>	<b>406.219.144,37</b>
<b>Options :</b>					
	USD	-	-	-	-
	Others	-	-	-	-
<b>Options - Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Derivatives are taken only in the context of debts and receivables relating to cross-border transactions.

## c. Sensitivity analysis

A sensitivity analysis has been performed on the basis of the limited SNCB Group's position at closing date. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS consolidated statements of a variation of the USD and JPY (or any other significant currency's) exchange rates relative to EUR by +/- 10% at the closing rate.



Foreign exchange fluctuation		Impact on net result	Impact on other elements from the net result
<b>2010</b>			
USD + 10%	-	3.833.755,19	-
USD - 10%		3.136.708,79	-
JPY + 10%	-	150.420,20	-
JPY - 10%		123.071,08	-
<b>2011</b>			
USD + 10%		851.650,96	-
USD - 10%	-	696.805,33	-
JPY + 10%	-	241.279,25	-
JPY - 10%		197.410,30	-

## 2.2.2 Market Risk: Interest Rate Risk

### a. Interest rate risk

The risk of interest rate is measured under IFRS, meaning the type of interest rate of the original financial instrument (payables and receivables), excluding derivatives concluded thereafter.

The main interest rate exposures arise, for the limited SNCB Group, from borrowings in EUR and USD. At December 31, 2011, approximately 46% (2010 = 61%) of gross debt of the limited SNCB Group was floating rate and 54% fixed rate (2010 = 39%). Cash surpluses are invested by the limited SNCB Group at short (long) term against a variable (fixed) rate.

	Carrying value 31/12/2010	Carrying value 31/12/2011
<b>Fixed interest rate</b>		
<b>Financial assets</b>	<b>1.403.747.093,10</b>	<b>1.353.977.709,46</b>
Trade and other receivable	177.370.142,26	197.825.925,06
Other financial assets	1.226.226.950,84	1.156.151.784,40
Cash and cash equivalent	150.000,00	-
<b>Financial liabilities</b>	<b>2.586.159.866,43</b>	<b>2.966.287.579,38</b>
Financial liabilities	2.586.159.866,43	2.964.266.097,27
Trade and other payables	-	-
Other amounts payable	-	2.021.482,11
<b>Total fixed interest rate</b>	<b>- 1.182.412.773,33</b>	<b>- 1.612.309.869,92</b>
<b>Variable interest rate</b>		
<b>Financial assets</b>	<b>1.542.871.945,32</b>	<b>1.489.007.032,99</b>
Trade and other receivable	67.508.987,04	97.085.435,90
Other financial assets	1.050.776.134,72	814.899.668,94
Cash and cash equivalent	424.586.823,56	577.021.928,15
<b>Financial liabilities</b>	<b>3.375.253.508,31</b>	<b>2.870.686.196,52</b>
Financial liabilities	2.709.245.660,59	2.365.385.475,28
Trade and other payables	-	-
Other amounts payable	666.007.847,72	505.300.721,24
<b>Total variable interest rate</b>	<b>- 1.832.381.562,99</b>	<b>- 1.381.679.163,53</b>
<b>Total</b>	<b>- 3.014.794.336,32</b>	<b>- 2.993.989.033,45</b>

## b. Cash flow sensitivity analysis

A 1% rise of variable interest rates (including derivatives) would cause an increase of 615.356,93 EUR in the interest expenses of the limited SNCB Group in 2011, compared to 1.293.847,17 EUR in 2010.

## c. Fair value sensitivity analysis

Changes in market interest rates affect the fair value of non-derivative financial instruments recorded at fair value through net result, and derivatives. This evolution is taken into account in the measurement of the sensitivity of net result.

The sensitivity analysis at fair value was determined for the limited SNCB Group at the closing date. An increase of 1% causes a change in fair value of 141.253.063,47 EUR (155.220.753,86 EUR) on 31 December 2011 (2010).

### 2.2.3 Credit Risk

The limited SNCB Group is exposed to credit risk on trade and financial receivables.

Investments must be assimilated to fixed income instruments and cannot be made in equity instruments. Investments are subject to strict minimum counterparty rating, depending on their maturity. The limited SNCB Group has also set maximum amounts per counterparty. Such limits are, however, not applicable to investments and instruments that are AAA/Aaa rated or are issued or guaranteed by the Belgian State.

Credit risk towards counterparties for derivative instruments must be spread and systematically covered by Credit Support Annex contracts. For CSA contracts, the net amount that would be paid by SNCB Holding or by its counterparty if the full amount of derivatives agreed between the different parties were cancelled is calculated on a regular basis. Through use of CSA, risk is limited to a maximum amount that varies according to the counterparty's rating. In the case that a bank's rating falls below BBB+/Baa, contracts with that bank must be transferred to another bank with a higher rating. If any counterparty is undergoing a "negative credit watch", no new operations can be concluded during such period.

### Aging balance of financial assets

	Net carrying value	Assets for which NO impairment loss is accounted for							Assets for which an impairment loss is accounted for
		Not overdue	Overdue at closing date						
			since 0-1 months	since 1-3 months	since 3-6 months	since 6-12 months	since 1-2 years	since more than 2 years	
<b>31 December 2010</b>									
Trade and other receivables	2.293.268.479,95	1.904.880.998,16	10.772.822,09	3.818.373,96	2.684.407,72	399.745.686,12	- 27.020.594,92	- 2.039.880,49	426.667,31
Financial derivatives	311.596.873,51	311.596.873,51	-	-	-	-	-	-	-
Other financial assets	2.371.148.903,48	2.371.148.903,48	-	-	-	-	-	-	-
Cash and cash equivalents	559.567.024,72	559.567.024,72	-	-	-	-	-	-	-
<b>Total</b>	<b>5.535.581.281,66</b>	<b>5.147.193.799,87</b>	<b>10.772.822,09</b>	<b>3.818.373,96</b>	<b>2.684.407,72</b>	<b>399.745.686,12</b>	<b>- 27.020.594,92</b>	<b>- 2.039.880,49</b>	<b>426.667,31</b>
<b>31 December 2011</b>									
Trade and other receivables	2.389.310.572,71	1.886.612.913,57	9.224.786,30	290.691.491,08	322.885.755,32	- 167.793.229,58	41.163.479,14	7.627.138,34	- 1.101.761,46
Financial derivatives	301.459.279,44	301.459.279,44	-	-	-	-	-	-	-
Other financial assets	2.072.724.954,33	2.072.724.954,33	-	-	-	-	-	-	-
Cash and cash equivalents	693.035.138,90	693.035.138,90	-	-	-	-	-	-	-
<b>Total</b>	<b>5.456.529.945,38</b>	<b>4.953.832.286,24</b>	<b>9.224.786,30</b>	<b>290.691.491,08</b>	<b>322.885.755,32</b>	<b>- 167.793.229,58</b>	<b>41.163.479,14</b>	<b>7.627.138,34</b>	<b>- 1.101.761,46</b>

Securities and deposits in which the limited SNCB Group has invested have the following (Standard & Poor's) ratings:

Rating	31/12/2010			
	Corporates	States	Financial institutions	Total
<b>Non current</b>				
AAA	-	-	176.464.666,35	176.464.666,35
AA+	-	689.736.880,55	27.384.426,14	717.121.306,69
AA	-	-	172.012.352,10	172.012.352,10
AA-	-	-	625.384.874,36	625.384.874,36
A+	-	35.002.678,39	110.074.279,09	145.076.957,48
A	-	-	-	-
A-	-	-	15.478.283,76	15.478.283,76
BBB+	-	-	-	-
BBB	-	-	-	-
BBB-	-	-	-	-
CCC	-	-	38.741,77	38.741,77
NR	35.199.825,23	-	-	35.199.825,23
	<b>35.199.825,23</b>	<b>724.739.558,94</b>	<b>1.126.837.623,57</b>	<b>1.886.777.007,74</b>
<b>Current</b>				
A-1+	-	560.030.025,01	-	560.030.025,01
A-1	-	-	125.030.000,00	125.030.000,00
A-2	-	-	-	-
A-3	-	-	-	-
NR	24.366.238,61	24.991.572,36	80.395.065,40	129.752.876,37
	<b>24.366.238,61</b>	<b>585.021.597,37</b>	<b>205.425.065,40</b>	<b>814.812.901,38</b>
<b>Total</b>	<b>59.566.063,84</b>	<b>1.309.761.156,31</b>	<b>1.332.262.688,97</b>	<b>2.701.589.909,12</b>

Rating	31/12/2011			
	Corporates	States	Financial institutions	Total
<b>Non current</b>				
AAA	-	-	204.453.354,01	204.453.354,01
AA+	-	-	-	-
AA	-	609.760.493,93	-	609.760.493,93
AA-	-	-	255.533.002,12	255.533.002,12
A+	-	34.888.157,63	539.312.508,58	574.200.666,21
A	-	-	41.612.870,77	41.612.870,77
A-	1.612,59	-	16.899.533,74	16.901.146,33
BBB+	-	-	-	-
BBB	-	-	-	-
BBB-	-	-	-	-
CCC	-	-	29.831,48	29.831,48
NR	40.403.670,95	-	-	40.403.670,95
	<b>40.405.283,54</b>	<b>644.648.651,56</b>	<b>1.057.841.100,70</b>	<b>1.742.895.035,80</b>
<b>Current</b>				
A-1+	-	177.485.959,81	99.789.374,55	277.275.334,36
A-1	27.937.000,00	-	-	27.937.000,00
A-2	-	-	95.995.000,00	95.995.000,00
A-3	-	-	-	-
NR	54.043.668,97	198.613.813,10	151.313.529,26	403.971.011,33
	<b>81.980.668,97</b>	<b>376.099.772,91</b>	<b>347.097.903,81</b>	<b>805.178.345,69</b>
<b>Total</b>	<b>122.385.952,51</b>	<b>1.020.748.424,47</b>	<b>1.404.939.004,51</b>	<b>2.548.073.381,49</b>

The limited SNCB Group has invested as follows by geographic region:

Zone	31/12/2010	31/12/2011
Belgium	4.088.408.858,59	4.087.623.396,29
Eurozone	248.108.089,42	314.499.311,70
Europe - other	1.014.686.351,35	862.735.461,07
United States	131.836.227,79	134.129.805,77
Other	52.541.754,51	57.541.970,55
<b>Total</b>	<b>5.535.581.281,66</b>	<b>5.456.529.945,38</b>

## 2.2.4 Liquidity Risk

When borrowings are made, the limited SNCB Group takes into account the expected future cash flows in order to level and reduce the treasury deficits as much as possible.

Liquidity risk is covered by spreading debt maturities over time. According to the limited SNCB Group's financial policy, a maximum of 20% of the outstanding debt can be reimbursed during a given year, with a maximum of 10% of the debt per quarter.

The table below shows the maturity of future cash flows (principal and interest) related to financial assets and liabilities. The undiscounted contractual assets and liabilities by nature and by maturity date are the following:

	Carrying value	Contractual cash flows*	< 6 months	6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
<b>* Including interest</b>							
<b>31 December 2010</b>							
<b>Financial assets</b>							
Trade and other receivables	133.654.795,31	714.601.709,69	16.571.000,00	30.035.000,00	33.928.228,39	101.784.685,16	532.282.796,14
Financial derivatives	311.596.873,41	666.307.675,26	63.233.813,97	344.021.515,37	259.052.345,92	-	-
Other financial assets	2.276.996.240,63	3.699.051.927,20	601.456.243,63	74.815.814,80	186.388.702,86	550.758.486,97	2.285.632.678,94
Cash and cash equivalents	402.522.345,10	402.891.946,93	402.891.946,93	-	-	-	-
<b>Total financial assets</b>	<b>3.124.770.254,45</b>	<b>5.482.853.259,08</b>	<b>1.084.153.004,53</b>	<b>448.872.330,17</b>	<b>479.369.277,17</b>	<b>652.543.172,13</b>	<b>2.817.915.475,08</b>
<b>Financial liabilities</b>							
Financial liabilities	5.351.005.851,86	7.225.839.982,41	845.150.475,99	180.024.781,24	597.882.858,15	1.539.699.001,53	4.063.082.865,50
Financial derivatives	304.951.372,10	437.379.068,97	20.056.329,49	42.274.751,06	22.370.968,01	103.936.456,74	248.740.563,67
Trade and other payables	830.366.386,12	828.073.004,84	518.583.419,12	301.578.546,50	6.302,58	7.904.736,64	-
Other amounts payable	883.882.705,75	893.887.959,72	303.503.926,45	375.153.169,33	211.793.353,70	1.588.035,45	1.849.474,79
<b>Total financial liabilities</b>	<b>7.370.206.315,83</b>	<b>9.385.180.015,94</b>	<b>1.687.294.151,05</b>	<b>899.031.248,13</b>	<b>832.053.482,44</b>	<b>1.653.128.230,36</b>	<b>4.313.672.903,96</b>
<b>Total</b>	<b>-4.245.436.061,38</b>	<b>-3.902.326.756,86</b>	<b>-603.141.146,52</b>	<b>-450.158.917,96</b>	<b>-352.684.205,27</b>	<b>-1.000.585.058,23</b>	<b>-1.495.757.428,88</b>
<b>31 December 2011</b>							
<b>Financial assets</b>							
Trade and other receivables	159.708.554,37	680.673.490,29	16.571.000,00	30.035.000,00	33.928.228,38	101.784.685,16	498.354.576,75
Financial derivatives	292.100.138,18	519.760.796,24	135.063.378,44	216.992.889,35	167.704.528,45	-	-
Other financial assets	1.973.184.226,04	3.277.689.601,03	405.990.546,87	14.130.298,06	167.873.462,30	476.969.058,69	2.212.726.235,11
Cash and cash equivalents	278.517.711,04	279.008.254,35	279.008.254,35	-	-	-	-
<b>Total financial assets</b>	<b>2.703.510.629,63</b>	<b>4.757.132.141,91</b>	<b>836.633.179,66</b>	<b>261.158.187,41</b>	<b>369.506.219,13</b>	<b>578.753.743,85</b>	<b>2.711.080.811,86</b>
<b>Financial liabilities</b>							
Financial liabilities	5.408.668.019,20	7.103.334.175,95	541.957.612,15	384.174.230,64	327.320.967,18	1.682.023.569,96	4.167.857.796,02
Financial derivatives	422.598.986,55	559.242.302,50	1.443.777,50	36.508.303,87	48.629.153,51	210.427.567,35	262.233.500,27
Trade and other payables	1.049.721.586,16	1.051.298.968,68	828.845.370,36	218.305.110,55	5.677,19	4.142.810,58	-
Other amounts payable	660.333.900,11	660.413.953,22	250.774.351,50	237.403.568,44	166.749.593,15	3.649.933,58	1.836.506,56
<b>Total financial liabilities</b>	<b>7.541.322.492,02</b>	<b>9.374.289.400,35</b>	<b>1.623.021.111,51</b>	<b>876.391.213,49</b>	<b>542.705.391,03</b>	<b>1.900.243.881,47</b>	<b>4.431.927.802,85</b>
<b>Total</b>	<b>-4.837.811.862,39</b>	<b>-4.617.157.258,44</b>	<b>-786.387.931,85</b>	<b>-615.233.026,08</b>	<b>-173.199.171,90</b>	<b>-1.321.490.137,62</b>	<b>-1.720.846.990,99</b>

## 2.2.5 Fair Value Risk

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs, other than quoted prices of level 1, that are observable for assets or liabilities, directly (e.g. as prices) or indirectly (e.g. derived from prices).

Level 3: inputs of assets or liabilities that are not based on observable market data.

	<b>31/12/2010</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
<b>Financial assets at fair value through profit or loss</b>			
Deposits	-	636.630.729,50	-
Fixed interest securities	52.201.161,93	145.848.834,89	-
Financial derivatives	-	348.949.666,93	-
<b>Available-for-sale financial assets</b>	<b>-</b>	<b>57.037.270,37</b>	<b>-</b>
<b>Others</b>	<b>-</b>	<b>813.867,02</b>	<b>-</b>
<b>Total</b>	<b>52.201.161,93</b>	<b>1.189.280.368,71</b>	<b>-</b>
<b>Liabilities</b>			
<b>Financial liabilities at fair value through profit or loss</b>			
Financial debts	-	1.210.921.412,29	-
Financial derivatives	-	304.951.372,10	-
<b>Others</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>1.515.872.784,39</b>	<b>-</b>
	<b>31/12/2011</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
<b>Financial assets at fair value through profit or loss</b>			
Deposits	-	588.702.908,02	-
Fixed interest securities	51.716.698,93	164.819.233,25	-
Financial derivatives	-	346.038.290,13	-
<b>Available-for-sale financial assets</b>	<b>-</b>	<b>57.078.520,62</b>	<b>-</b>
<b>Others</b>	<b>-</b>	<b>1.203.370,93</b>	<b>-</b>
<b>Total</b>	<b>51.716.698,93</b>	<b>1.157.842.322,95</b>	<b>-</b>
<b>Liabilities</b>			
<b>Financial liabilities at fair value through profit or loss</b>			
Financial debts	-	1.109.871.447,40	-
Financial derivatives	-	422.598.986,55	-
<b>Others</b>	<b>-</b>	<b>80.053,11</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>1.532.550.487,06</b>	<b>-</b>

To estimate the fair value of financial instruments, the hypothesis and the methods used are:

- for holding interests in companies and investments quoted on a stock exchange: their quoted price;
- for holding interests in unlisted companies: estimation through recent sales transactions and, in absence of such transactions, based on different valuation techniques, such as discounting free cash flows and the multiple method;
- for accounts receivable and other current assets: fair value considering their maturity;
- for cash and cash equivalents: fair value considering their maturity.

## Note 3 - Critical accounting estimates and significant judgments

The preparation of consolidated financial statements in accordance with the valuation rules described in note 1 brings the limited SNCB Group to establish significant judgments, estimates and assumptions that affect the application of the valuation rules, and the reported amounts of assets, liabilities, income and expenses, and which, contain by nature a certain degree of uncertainty.

Those estimates are based on experience and on assumptions that the limited SNCB Group consider reasonable based on the circumstances. Per definition, actual results might be and will often be different from those estimates. Revisions of the accounting estimates are recognised during the period in which the estimates are revised, and throughout subsequent concerned periods. Judgments and estimates concern mainly the following areas:

### 3.1 Impairment of assets

The recoverable amount of each asset or CGU is determined either as the fair value of the asset or CGU less costs to sell, or as the value in use of the asset or CGU if the latter is higher. These computations use estimates and assumptions related to discount rates, growth rates, indexes, future capital needs and future operating results.

### 3.2 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not quoted on an active market (such as derivatives traded over the counter) is determined using valuation techniques. The limited SNCB Group selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date. The limited SNCB Group uses the discounted cash flow method for a variety of available for sale financial assets that are not traded on active markets.

We refer to note 2.2.2.b for a sensitivity analysis.

### 3.3 Employee benefits

Liabilities arising from employee benefits are actuarially determined, based on different financial and demographic assumptions. Any variation of these assumptions would impact the amount of the liability. An important assumption that has a major sensibility on the liability is the discount rate. At each closing, the limited SNCB Group determines this rate by reference to first category corporate bonds with similar maturity at closing date. Other major assumptions are based on the market, or reflect the limited SNCB Group's best estimate (see additional information disclosed in note 20).

A decrease (increase) by 1% of the discount rate determined by the limited SNCB Group, would result in an increase (respectively decrease) of 61.691.343,08 EUR (respectively 53.722.427,61 EUR) of the liabilities.



### **3.4 Useful life of property, plant and equipment**

Property, plant and equipment mainly comprise railway rolling stock, railway infrastructure and stations. Depreciation is computed as from the date at which the asset is ready to be used, according to the straight line method and according to a rate corresponding to the estimated useful life of the asset. This useful life has been estimated by management and corresponds to the period during which the asset is expected to be available to be used by the limited SNCB Group. Estimated useful life takes into consideration the foreseen use by the limited SNCB Group, foreseen physical wear that depends on operational factors such as the maintenance program, technical and economical obsolescence and legal limitations and other similar limitations (such as the leasing contract period). For a detail of the useful lives estimated for property, plant and equipment, we refer to note 1.5. However, actual useful life might differ because of numerous factors. This could result in a shorter or longer useful life. If the estimated useful life appears to be incorrect, or if there's a change in the circumstances in such manner that the estimated useful life has to be revised, this could lead to an impairment loss or an increased or decreased depreciation charge for the upcoming periods. Useful lives are examined at each closing date and prospectively adjusted if necessary.

### **3.5 Deferred tax: Recovery of deferred tax assets**

Deferred tax assets are only recognised for deductible temporary differences and losses carried forward if it is probable that future taxable profits will offset these losses and differences and if tax losses remain available given their origin, their period of occurrence and their compliance with the legislation relating to their recovery. The limited SNCB Group's ability to recover deferred tax assets is assessed through an analysis which is mainly based on business plans and the uncertainty surrounding economic conditions and uncertainties in the markets in which the limited SNCB Group operates. Given the various uncertainties described above, a time horizon of three years is used by the limited SNCB Group in its analysis. The underlying assumptions of this analysis are reviewed annually.

## Note 4 - Impact of the transition to IFRS

The consolidated financial statements as of 31 December 2011 have been prepared for the first time in accordance with IFRS. Until 31 December 2010, consolidated financial statements of the limited SNCB Group were only prepared in accordance with statutory rules and regulations applicable in Belgium (Belgian GAAP). The new IFRS valuation rules have been fully applied to 2011 figures, 2010 comparative figures, as well as the opening statement of financial position as of 1 January 2010 (date of transition), restated in compliance with IFRS 1 "First Time Adoption of IFRS".

Please note that the impact of the transition to IFRS on the consolidated opening equity at 1 January 2010, on the 2010 consolidated statement of total comprehensive income in 2010, and on the consolidated equity at 31 December 2010 is mitigated by the fact that the limited SNCB Group has progressively aligned its valuation rules under Belgian GAAP to IFRS.

This impact is shown in the following table:

	Restatements	Net results 2010
<b>Consolidated financial statements under Belgian GAAP</b>		<b>- 47.350.033,75</b>
Property, plant and equipment, intangible assets and cross-border arrangements	4.1	- 69.210.381,02
Financial instruments	4.2	- 81.501.760,60
Provisions	4.3	- 137.880.831,10
Employee benefits	4.4	12.417.702,00
Deferred taxes	4.5	22.432.757,48
Other restatements	4.6	- 3.433.798,49
<b>Total restatements IFRS</b>		<b>- 257.176.311,73</b>
<b>Consolidated financial statements under IFRS</b>		<b>- 304.526.345,48</b>

### 4.1 Property, plant and equipment, intangible assets and cross-border arrangements

As described in the note 34, the limited SNCB Group concluded cross-border arrangements with foreign Trusts. Property, plant and equipment (mainly rolling stock) relating to certain arrangements (sale-and-rent-back,...) that were not or partially accounted for in the consolidated statement of financial position in the Belgian GAAP accounts are now accounted for at fair value at the date of transition to IFRS in the IFRS accounts following the SIC 27 application (Evaluating the Substance of Transactions Involving the Legal Form of a Lease).

Investment grants relating to these fixed assets that were derecognised in the Belgian GAAP accounts at the conclusion of cross-border arrangements were also recognised in the IFRS accounts at 1 January 2010.

This property, plant and equipment as well as other property, plant and equipment (also essentially rolling stock) have been valued at fair value at 1 January 2010 (under IFRS 1.18 appendix D5, i.e. valuation at fair value at the date of transition to IFRS and use of that fair value as deemed cost at the date of transition).

As part of the alignment rules of the Belgian GAAP rules to IFRS rules, the limited SNCB Group applied the component approach for much of its property, plant and equipment before the date of transition to IFRS. In the consolidated statement of financial position under IFRS at 1 January 2010 the component approach is applied to all property, plant and equipment.

Research costs on internally generated software that were activated as intangible assets in the Belgian GAAP accounts are derecognised in the IFRS accounts at 1 January 2010. Grants relating to these intangible assets are derecognised at that date in the IFRS accounts.

As from 2010, the limited SNCB Group has almost fully aligned its Belgian GAAP rules on IFRS rules regarding the valuation of its property, plant and equipment and intangible assets and cross-border arrangements, except for the accounting of certain financial instruments (as described in note 4.2), and the accounting of revenue earned during the restructuring of some of the cross-border arrangements. According to Belgian accounting rules, the limited SNCB Group spreads this revenue over time, whereas under IFRS revenue is recognised as income when the arrangement is concluded.

Restatements relating to the property, plant and equipment, intangible assets and cross-border arrangements have a negative impact of 69.210.381,02 EUR in the 2010 global result.

## 4.2 Financial instruments

According to IFRS, derivatives are recognised in the statement of financial position at fair value at 1 January 2010, while a provision relating to certain derivatives is recognised in the Belgian GAAP accounts at 31 December 2009.

According to SIC 27, certain investments and liabilities under cross-border arrangements were recognised at 1 January 2010 in the IFRS accounts and in the Belgian GAAP accounts. The limited SNCB Group chose to value some of these investments and liabilities at fair value at 1 January 2010 in the IFRS accounts, while they are carried at amortised cost in the Belgian GAAP accounts at that date.

In the context of the alignment of the Belgian GAAP accounts to IFRS, all adjustments to IFRS relating to financial instruments are recognised in the Belgian GAAP accounts as from 2010, except for positive fair value adjustments of financial instruments, investments and liabilities only recognised in the IFRS accounts. The impact of this restatement on the global result amounts to 81.501.760,60 EUR (negative figure) in 2010.

### 4.3 Provisions

Certain provisions accounted for in the Belgian GAAP accounts are not permitted under IFRS rules. This is especially the case of the provision for restructuration of the subsidiary SNCB Logistics on 1 January 2010 and 31 December 2010.

Under IFRS, long-term provisions are discounted, while one long-term provision is accounted for at its nominal value in the Belgian GAAP accounts at 1 January 2010. The impact of this restatement on the global result amounts to 137.880.831,10 EUR (negative figure) in 2010.

### 4.4 Employee benefits

The restatement relating to employee benefits are mainly due to the liability for employer contribution in the Social Fund on pensions for statutory personnel. This liability was modified in the IFRS accounts at 1 January 2010 as a result of a calculation in accordance with IAS 19. This valuation was also applied in the Belgian GAAP accounts as at 31 December 2010. The impact of this restatement on the global result amounts to 12.417.702,00 EUR (positive figure) in 2010.

### 4.5 Deferred taxes

A deferred tax asset, calculated on temporary differences which include mainly positive fair value adjustments of financial instruments, some liabilities for employee benefits and recoverable tax losses, are recognised in the IFRS accounts at 1 January 2010 and 31 December 2010. No deferred tax is recorded in the Belgian GAAP accounts at 31 December 2009 and 2010. A deferred tax income of 22.432.757,48 EUR has been accounted for in the 2010 financial statements according to IFRS.

### 4.6 Other restatements

Other restatements at 1 January 2010 are mainly due to the receivables on public bodies relating to grants to receive in the context of the financing of the "Tekort TGV" (negative impact of 4.089.979,80 EUR on the global result) and accounting for certain long leases as owner and lease-lease tenant that are finance leases under IAS 17 (negative impact of 597.844,28 EUR on the 2010 global result).

## **Note 5 - Consolidation scope of the limited SNCB Group**

Articles 92 and 93 of the Management Contract managing the relation between SNCB Holding and the State. Impose and prescribe the preparation of limited consolidated financial statements, including only SNCB Holding, Infrabel and SNCB.

The fret activity, previously located within SNCB, has been separated and is now located within SNCB Logistics. Because of the strategic and economic importance of this activity and its associated risks, it has been decided to include SNCB Logistics in the limited SNCB Group.

## Note 6 - Intangible assets

### 6.1 Intangible assets

	31/12/2010	31/12/2011
Goodwill	-	-
Intangible assets - other - internally generated	210.179.552,90	224.482.527,51
Intangible assets - other - acquired from third parties	1.419.789.210,20	1.469.420.513,66
<b>Carrying value at 31 December</b>	<b>1.629.968.763,10</b>	<b>1.693.903.041,17</b>

	31/12/2010	31/12/2011
Operational licence granted by the State	1.277.575.757,57	1.263.838.383,83
Other intangible assets financed by grants	333.683.813,13	404.158.551,86
Other intangible assets not financed by grants	18.709.192,40	25.906.105,48
<b>Carrying value at 31 December</b>	<b>1.629.968.763,10</b>	<b>1.693.903.041,17</b>

	Internally generated			Acquired from third parties		
	Softwares	Others	TOTAL	Softwares	Others	TOTAL
<b>As at 1 January 2011</b>						
Cost	148.515.985,72	58.887.625,25	207.403.610,97	44.459.758,88	1.428.373.256,63	1.472.833.015,51
Accumulated amortisation	- 27.612.208,16	- 29.997.031,33	- 57.609.239,49	- 4.591.986,32	- 68.686.868,69	- 73.278.855,01
Accumulated impairment	-	-	-	- 8.503,50	-	- 8.503,50
<b>Carrying value at 1 January 2011</b>	<b>120.903.777,56</b>	<b>28.890.593,92</b>	<b>149.794.371,48</b>	<b>39.859.269,06</b>	<b>1.359.686.387,94</b>	<b>1.399.545.657,00</b>
<b>As at 31 December 2010</b>						
Cost	225.670.505,05	57.305.925,57	282.976.430,62	82.817.853,60	1.432.183.376,98	1.515.001.230,58
Accumulated amortisation	- 37.032.757,39	- 35.764.120,33	- 72.796.877,72	- 12.779.274,45	- 82.424.242,43	- 95.203.516,88
Accumulated impairment	-	-	-	- 8.503,50	-	- 8.503,50
<b>Carrying value at 31 December 2010</b>	<b>188.637.747,66</b>	<b>21.541.805,24</b>	<b>210.179.552,90</b>	<b>70.030.075,65</b>	<b>1.349.759.134,55</b>	<b>1.419.789.210,20</b>
<b>As at 31 December 2011</b>						
Cost	284.371.251,01	-	284.371.251,01	165.562.124,22	1.445.646.651,67	1.611.208.775,89
Accumulated amortisation	- 59.888.723,50	-	- 59.888.723,50	- 45.618.142,56	- 96.161.616,17	- 141.779.758,73
Accumulated impairment	-	-	-	- 8.503,50	-	- 8.503,50
<b>Carrying value at 31 December 2011</b>	<b>224.482.527,51</b>	<b>-</b>	<b>224.482.527,51</b>	<b>119.935.478,16</b>	<b>1.349.485.035,50</b>	<b>1.469.420.513,66</b>

The limited SNCB Group has no goodwill and no finance lease agreements for intangible assets.

### 6.2 Other information related to intangible assets

Carrying value of intangible assets	31/12/2010	31/12/2011
of which the property is		
restricted	-	-
given as a collateral for debts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Carrying value of intangible assets	31/12/2010	31/12/2011
Acquired through grants		
Softwares - internally generated	188.577.528,86	222.577.830,46
Intangible assets - other - internally generated	12.303.175,61	-
Softwares - acquired from third parties	68.364.654,45	101.983.073,06
Intangible assets - other - acquired from third parties	64.438.454,21	79.597.648,34
<b>Total</b>	<b>333.683.813,13</b>	<b>404.158.551,86</b>

## Note 7 - Property, plant and equipment

### 7.1 Property, plant and equipment

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
<b>As at 1 January 2010</b>							
Cost	285.221.028,84	1.817.059.441,22	11.789.168.048,50	5.308.807.908,79	1.259.524.556,53	4.093.021.613,34	24.552.802.597,22
Accumulated depreciation	-	- 646.291.102,06	- 4.355.776.746,21	- 2.308.537.847,18	- 733.854.094,90	-	- 8.044.459.790,35
Accumulated impairment	- 1.099,46	- 1.786.130,95	- 9.604.754,68	- 2.515.123,20	- 6.071.105,66	-	- 19.978.213,95
<b>Carrying value at 1 January 2010</b>	<b>285.219.929,38</b>	<b>1.168.982.208,21</b>	<b>7.423.786.547,61</b>	<b>2.997.754.938,41</b>	<b>519.599.355,97</b>	<b>4.093.021.613,34</b>	<b>16.488.364.592,92</b>
<b>As at 31 December 2010</b>							
Cost	326.770.554,73	1.839.898.265,81	12.311.737.394,07	5.488.381.004,43	1.224.332.908,81	4.784.554.864,00	25.975.674.991,85
Accumulated depreciation	-	- 722.435.451,45	- 4.609.808.298,27	- 2.395.119.778,83	- 764.043.761,63	-	- 8.491.407.290,18
Accumulated impairment	- 1.099,46	- 1.784.994,33	- 9.604.754,68	- 2.515.123,20	- 6.071.105,66	-	- 19.977.077,33
<b>Carrying value at 31 December 2010</b>	<b>326.769.455,27</b>	<b>1.115.677.820,03</b>	<b>7.692.324.341,12</b>	<b>3.090.746.102,40</b>	<b>454.218.041,52</b>	<b>4.784.554.864,00</b>	<b>17.464.290.624,34</b>
<b>As at 31 December 2011</b>							
Cost	333.903.501,37	1.762.160.314,84	12.613.850.694,54	5.551.617.702,81	1.323.513.866,81	5.734.686.458,01	27.319.732.538,38
Accumulated depreciation	-	- 746.094.650,28	- 4.857.633.923,80	- 2.389.901.157,89	- 821.856.349,78	-	- 8.815.486.081,75
Accumulated impairment	- 1.099,46	- 1.784.994,33	- 17.240.020,44	- 3.991.189,12	- 11.781.958,39	-	- 34.799.261,74
<b>Carrying value at 31 December 2011</b>	<b>333.902.401,91</b>	<b>1.014.280.670,23</b>	<b>7.738.976.750,30</b>	<b>3.157.725.355,80</b>	<b>489.875.558,64</b>	<b>5.734.686.458,01</b>	<b>18.469.447.194,89</b>

The capitalisation rate used to determine the amounts of borrowing costs to be incorporated in property, plant and equipment is 3,41% in 2011 and 2,64% in 2010.

### 7.2 Impairment testing

Impairment tests for assets are done at the level of the CGU that represent the legal entity or that are defined based on the destination of the assets used. The CGU as defined by the limited SNCB Group for which there is an indication of impairment (or increase in value) are:

#### 7.2.1 The activity "Freight" of SNCB:

##### a. The activity sector « freight » of SNCB

The limited SNCB Group has conducted an impairment test for the workshops working primarily for the cargo sector (not financed by grants). Within this framework, three workshops have been tested for impairment. The basis used to determine the recoverable amount of property, plant and equipment (buildings and other related assets) is the market value determined by an independent party. Following this test, an impairment loss amounting to 18,2 EUR million was recorded in the opening balance sheet at 1 January 2010.

##### b. Rail Cargo Centers

As far as the impairment testing for the Rail Cargo Centers (RCC - cargo business) is concerned, the limited SNCB Group has conducted an impairment test. The basis used to determine the recoverable amount of property, plant and equipment related to this activity is the value in use which was valued at 0 EUR seen the fact that the activity is structurally loss-making. Following this test, an impairment loss amounting to 0,4 EUR million was recorded in the opening balance sheet at 1 January 2010.

**c. Type 77 locomotives**

The basis used to determine the recoverable amount for these property, plant and equipment is 1,4 EUR million which corresponds to the market value as determined by a third party. Following this test, an impairment loss amounting to 1,4 EUR million was recorded in the opening balance sheet at 1 January 2010.

**7.2.2 The activity of SNCB Logistics:**

An impairment loss of 29,1 EUR million was noted on the type 77 locomotives which is recognised in net result in 2011. The basis used for determining the recoverable amount of these assets is the market value determined by a third party.

An impairment loss amounting to 13,3 EUR million was recorded on the operating licence of "Mainhub terminal." The basis used for determining the recoverable amount of these assets is the value in use, calculated on the basis of the DCF method, taking into account the following assumptions:

- 5 year business plan
- Discount rate: 8.79%
- Long-term growth rate: 2.5%

**7.3 Property, plant and equipment - Leasing**

The limited SNCB Group owns the following assets, included in the total of property, plant and equipment under finance lease contracts:

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
<b>As at 1 January 2010</b>							
Cost	-	7.899.468,57	-	-	81.737,90	-	7.981.206,47
Accumulated depreciation	-	5.761.502,95	-	-	-	-	5.761.502,95
Accumulated impairment	-	-	-	-	-	-	-
<b>Carrying value at 1 January 2010</b>	-	<b>2.137.965,62</b>	-	-	<b>81.737,90</b>	-	<b>2.219.703,52</b>
<b>As at 31 December 2010</b>							
Cost	-	7.899.468,57	-	-	81.737,90	-	7.981.206,47
Accumulated depreciation	-	5.959.691,46	-	-	-	-	5.959.691,46
Accumulated impairment	-	-	-	-	-	-	-
<b>Carrying value at 31 December 2010</b>	-	<b>1.939.777,11</b>	-	-	<b>81.737,90</b>	-	<b>2.021.515,01</b>
<b>As at 31 December 2011</b>							
Cost	-	7.899.468,57	-	64.455.309,79	4.890.613,30	-	77.245.391,66
Accumulated depreciation	-	6.157.879,98	-	2.951.631,44	354.639,25	-	9.464.150,67
Accumulated impairment	-	-	-	-	-	-	-
<b>Carrying value at 31 December 2011</b>	-	<b>1.741.588,59</b>	-	<b>61.503.678,35</b>	<b>4.535.974,05</b>	-	<b>67.781.240,99</b>



## 7.4 Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2010	31/12/2011
Acquired through grants		
Land	29.172.719,33	38.583.381,73
Buildings	1.004.084.834,01	907.543.109,78
Railway infrastructure	7.657.453.738,72	7.715.703.818,98
Railway rolling stock	2.515.870.439,24	2.560.777.521,01
Plant and various equipment	399.388.452,33	418.542.491,32
Assets under construction	4.539.954.930,70	5.330.861.949,28
<b>Total</b>	<b>16.145.925.114,33</b>	<b>16.972.012.272,10</b>

Regarding the Public-Private Partnerships (PPP) entered into by Infrabel for the realization of infrastructure projects, the approach taken by the limited SNCB Group as a public licensor is mainly based on a thorough analysis of risks and rewards accruing to the partners of the contract in light of the IFRS standards and interpretations currently in force. On this basis, the advance relating to the infrastructure of the project "Liefkenshoek Rail Link" has been recognised on the balance sheet in the consolidated financial statements of the limited SNCB Group, whereas, as far as the Diabolo project is concerned, only the income and expenses related to operational contracts concluded with the Northern Diabolo NV, private realizer and concession holder, are recognised in the financial statements.

## Note 8 - Investment property

### 8.1 Investment property

	Land	Buildings	Total
<b>As at 1 January 2010</b>			
Cost	56.165.601,46	34.382.062,89	90.547.664,35
Accumulated depreciation	-	- 29.963.499,48	- 29.963.499,48
Accumulated impairment	- 15.706,53	-	- 15.706,53
<b>Carrying value at 1 January 2010</b>	<b>56.149.894,93</b>	<b>4.418.563,41</b>	<b>60.568.458,34</b>
<b>As at 31 December 2010</b>			
Cost	56.165.601,46	34.382.062,89	90.547.664,35
Accumulated depreciation	-	- 30.223.041,17	- 30.223.041,17
Accumulated impairment	- 15.706,53	-	- 15.706,53
<b>Carrying value at 31 December 2010</b>	<b>56.149.894,93</b>	<b>4.159.021,72</b>	<b>60.308.916,65</b>
<b>As at 31 December 2011</b>			
Cost	56.226.958,42	70.960.637,41	127.187.595,83
Accumulated depreciation	-	- 54.827.762,45	- 54.827.762,45
Accumulated impairment	-	-	-
<b>Carrying value at 31 December 2011</b>	<b>56.226.958,42</b>	<b>16.132.874,96</b>	<b>72.359.833,38</b>

### 8.2 Other information related to investment property

Carrying value of Investment properties	31/12/2010	31/12/2011
Acquired through grants		
<i>Land</i>	2.653.870,37	2.929.152,81
<i>Buildings</i>	3.575.958,59	10.418.523,18
<b>Total</b>	<b>6.229.828,96</b>	<b>13.347.675,99</b>

Investment properties include land and buildings rented under operating leases:

	31/12/2010			31/12/2011		
	Land	Buildings and land equipment	Total	Land	Buildings and land equipment	Total
Cost	25.547.289,49	26.592.642,17	52.139.931,66	27.588.359,75	30.806.341,34	58.394.701,09
Accumulated depreciation 1 January	-	- 25.624.671,08	- 25.624.671,08	-	- 26.503.926,83	- 26.503.926,83
Depreciation for the year	-	- 77.793,86	- 77.793,86	-	- 355.203,88	- 355.203,88
<b>Carrying value as at 31 December</b>	<b>25.547.289,49</b>	<b>890.177,23</b>	<b>26.437.466,72</b>	<b>27.588.359,75</b>	<b>3.947.210,63</b>	<b>31.535.570,38</b>

**Fair value of investment property**

The fair value of investment property is determined based on annual net rents (to which a return rate is applied) in respect of land and buildings that are occupied (rented), and based on the average selling price less costs to sell for the last five years in respect of land and buildings that are not occupied (rented).

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Fair value as at 1 January 2010	160.862.916,18	26.043.282,41	186.906.198,59
Fair value as at 31 December 2010	165.468.328,16	26.788.886,48	192.257.214,64
Fair value as at 31 December 2011	171.843.730,56	27.821.047,34	199.664.777,90

## Note 9 - Interests and related receivables

The carrying value for the year 2011 is as follows:

	2011
<b>Net carrying value as at 1 January</b>	<b>366.183.750,28</b>
Acquisition	3.371.781
Impairment	- 41.736.822,0
Reversals of impairment losses	1.003.027,
Disposals	- 18.694
Refunds of receivables	- 127.500,
Other changes	191.13
<b>Net carrying value as at 31 December</b>	<b>328.866.673,56</b>

## Note 10 - Trade and other receivables

### 10.1 Trade and other receivables

		31/12/2010		31/12/2011		
		Gross amount	Impairment	Gross amount	Impairment	Net amount
<b>Non current</b>						
	<u>Notes</u>					
<b>Trade receivables</b>		<b>127.898.760,87</b>	-	<b>127.898.760,87</b>	<b>121.559.015,03</b>	-
Receivables on public authorities	36	127.896.218,24	-	127.896.218,24	121.559.015,03	-
Other trade receivables		2.542,63	-	2.542,63	-	-
<b>Other receivables</b>		<b>847.364.748,26</b>	-	<b>847.364.748,26</b>	<b>850.947.558,74</b>	-
Receivables on public authorities	36	840.426.610,05	-	840.426.610,05	826.617.422,43	-
Deferred charges		-	-	-	3.998.937,22	-
Accrued income		-	-	-	-	-
Finance lease receivables		-	-	-	-	-
Other receivables		6.938.138,21	-	6.938.138,21	20.331.199,09	-
<b>Total (non current)</b>		<b>975.263.509,13</b>	-	<b>975.263.509,13</b>	<b>972.506.573,77</b>	-
<b>Current</b>						
<b>Trade receivables</b>		<b>500.009.875,97</b>	-	<b>33.524.624,75</b>	<b>466.485.251,22</b>	<b>452.162.070,38</b>
Amount due from customers for contract work	11	37.987.746,35	-	13.639.231,10	24.348.515,25	22.526.303,42
Receivables on public authorities	36	137.437.296,35	-	-	137.437.296,35	140.849.800,32
Other trade receivables		324.584.833,27	-	19.885.393,65	304.699.439,62	288.785.966,64
<b>Other receivables</b>		<b>1.140.605.965,42</b>	-	<b>66.020.112,79</b>	<b>1.074.585.852,63</b>	<b>1.350.113.636,99</b>
Receivables on public authorities	36	677.353.042,91	-	30.157,75	677.322.885,16	719.325.428,58
Deferred charges		197.359.852,88	-	-	197.359.852,88	35.967.197,77
Accrued income		40.245.362,55	-	-	40.245.362,55	113.132.869,34
Finance lease receivables		91.438,22	-	-	91.438,22	1.127.046,01
Other receivables		225.556.268,86	-	65.989.955,04	159.566.313,82	480.561.095,29
<b>Total (current)</b>		<b>1.640.615.841,39</b>	-	<b>99.544.737,54</b>	<b>1.541.071.103,85</b>	<b>1.802.275.707,37</b>
					<b>137.044.067,94</b>	<b>1.665.231.639,43</b>

The section "Trade and other receivables" includes the receivables on the State and the Regions, relating to grants to be received within the framework of pre-financing contracts "Tekort TGV" and to regional priority projects for an amount of 190.670.170,39 EUR (194.846.970,84 EUR) and 545.138.020,23 EUR (569.137.939,10 EUR), respectively at 31 December 2011 (2010). Given the fact that Management assesses these grants as virtually certain, the limited SNCB Group recognises these receivables and related capital grants in the statement of financial position.

## Note 11 - Construction contracts

		31/12/2010	31/12/2011
	<u>Notes</u>		
Gross amounts due from customers for contract work	10	24.348.515,25	2.635.054,10
Gross amounts due to customers for contract work	24	-	1.891.733,36
Advances received from customers for contract work	24	20.000.000,00	27.742.524,57

## Note 12 - Derivatives

	31/12/2010		31/12/2011	
	Actifs	Passifs	Actifs	Passifs
Interest rate swaps	130.578.630,29	234.386.702,42	168.895.513,82	372.401.348,18
Currency swaps	181.018.243,12	65.635.483,53	123.204.624,36	50.197.638,37
Petroleum swap	0,00	31.128,99	0,00	0,00
Inflation swaps	0,00	4.898.057,16	9.359.141,26	0,00
<b>Total</b>	<b>311.596.873,41</b>	<b>304.951.372,10</b>	<b>301.459.279,44</b>	<b>422.598.986,55</b>
Less non-current part of :				
Interest rate swaps	130.527.468,70	203.020.282,67	167.396.404,49	341.101.226,99
Currency swaps	181.018.243,12	61.372.103,03	123.789.360,10	56.340.291,15
Petroleum swap	0,00	0,00	0,00	0,00
Inflation swaps	0,00	4.898.057,16	9.359.141,26	0,00
	<b>311.545.711,82</b>	<b>269.290.442,86</b>	<b>300.544.905,85</b>	<b>397.441.518,14</b>
Current part :				
Interest rate swaps	51.161,69	31.366.419,75	1.499.109,33	31.300.121,19
Currency swaps	0,00	4.263.380,50	-584.735,74	-6.142.652,78
Petroleum swap	0,00	31.128,99	0,00	0,00
Inflation swaps	0,00	0,00	0,00	0,00
	<b>51.161,69</b>	<b>35.660.929,24</b>	<b>914.373,59</b>	<b>25.157.468,41</b>

The limited SNCB Group's exposure to financial risks is presented in note 2. This exposure only concerns SNCB Holding.

## Note 13 - Other financial assets

### 13.1 Available-for-sale financial assets

	2010	2011
<b>As at 1 January</b>	<b>12.991.907,52</b>	<b>57.037.270,37</b>
Acquisitions	92.325.054,72	193.415,01
Disposals	- 3.741.464,83	- 187.720,51
Interest income	182.427,39	408.726,11
Interest received	- 143.685,62	- 417.636,40
Impairment losses	- 44.576.968,81	44.466,04
Adjustment of fair value through other comprehensive income	-	-
Translation differences	-	-
Business combinations	-	-
<b>As at 31 December</b>	<b>57.037.270,37</b>	<b>57.078.520,62</b>
Non current	56.998.528,60	57.048.689,14
Current	38.741,77	29.831,48

Acquisitions of available-for-sale financial assets in 2010 are fully related to the acquisition of the shares of Eurostar International Ltd. The impairment losses for 2010, as mentioned in the table above, consist primarily of an impairment loss on these shares.

The limited SNCB Group's exposure to financial risks is presented in note 2.



## Note 14 - Inventories

### 14.1 Inventories

	31/12/2010	31/12/2011
Merchandise and supplies	426.556.376,47	430.181.177,14
Materials	4.828.156,72	3.941.394,56
Work in progress	9.683.687,71	5.763.681,14
Finished goods	6.518.755,32	4.044.430,76
<b>Carrying value</b>	<b>447.586.976,22</b>	<b>443.930.683,60</b>
Of which:		
Carrying value expected to be recovered within 12 months	-	-
Carrying value expected to be recovered in more than 12 months	447.586.976,22	443.930.683,60

### 14.2 Impairment of inventories - Impact on net result

	31/12/2010	31/12/2011
Addition to write-downs on inventories	84.133.481,18	22.951.155,82
Reversal of write-downs on inventories	- 125.981.122,48	- 5.237.281,28
<b>Impact on net result</b>	<b>- 41.847.641,30</b>	<b>17.713.874,54</b>

## Note 15 - Cash and cash equivalents

### 15.1 Cash and cash equivalents

		31/12/2010	31/12/2011
	<u>Note</u>		
<b>Cash and cash equivalents</b>			
Short-term deposits and commercial paper		426.704.686,95	577.021.928,15
Cash at bank		127.256.026,00	108.285.267,03
Cash in hand		5.606.311,77	7.730.176,04
<b>Total</b>		<b>559.567.024,72</b>	<b>693.037.371,22</b>
<b>Cash and cash equivalents as in the statement of cash flows</b>			
Bank overdrafts used for cash management purposes	22	- 530,09	- 4.000.064,40
<b>Total</b>		<b>559.566.494,63</b>	<b>689.037.306,82</b>

The limited SNCB Group's exposure to financial risks is presented in note 2.

The balance of cash and cash equivalents that is not available to the limited SNCB Group amounts to 278.517.711,04 EUR (402.522.345,10 EUR) as at 31 December 2011 (2010).

## Note 16 - Non-current assets classified as held for sale

### 16.1 Non-current assets held for sale and directly associated liabilities

	31/12/2010	31/12/2011
<b>Non-current assets held for sale</b>		
Intangible assets	-	-
Impairment	-	-
Translation differences	-	-
Property, plant and equipment	414.848,04	2.690.610,16
Impairment	- 247.895,21	- 864.600,52
Translation differences	-	-
Investment property	-	-
Impairment	-	-
Translation differences	-	-
<b>Total</b>	<b>166.952,83</b>	<b>1.826.009,64</b>
<b>Liabilities associated with non-current assets held for sale</b>		
Provisions	-	-
Non-current other amounts payable	-	-
Current other amounts payable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## **Note 17 - Business combinations**

As mentioned in note 1, the limited SNCB Group does not apply IFRS 3 "Business combination".

## Note 18 - Share capital, share premium and own shares

The changes in capital, share premium and own shares are as follows:

	Share of 3,09866906	SNCB-Holding Share of 2,47893525	Possession share	Infrabel	SNCB	SNCB Logistics	Total
<b>At 31 December 2010</b>							
<b>CAPITAL</b>							
Number of shares	185.304.705	67.601.997	20.000.000	16.672.041	20.002	1.000	
Suscribed amount	574.197.956,06	167.580.973,33	-	1.531.975.000,00	1.210.070.000,00	500.000,00	<b>3.484.323.929,39</b>
Uncalled amount	-	-	-	81.913.500,00	-	375.000,00	<b>82.288.500,00</b>
<b>Total</b>	<b>574.197.956,06</b>	<b>167.580.973,33</b>	<b>-</b>	<b>1.450.061.500,00</b>	<b>1.210.070.000,00</b>	<b>125.000,00</b>	<b>3.402.035.429,39</b>
Share premium	-	-	-	299.317.752,80	200.579.886,00	-	<b>499.897.638,80</b>
<b>OWN SHARES</b>							
Number of shares	-	-	-	15.607.295	20.002	1.000	
Amount	-	-	-	1.794.713.786,85	1.410.649.886,00	125.000,00	<b>3.205.488.672,85</b>
<b>At 31 December 2011</b>							
<b>CAPITAL</b>							
Number of shares	185.304.705	67.601.997	20.000.000	16.723.647	20.002	1.000.000	
Suscribed amount	574.197.956,06	167.580.973,33	-	1.518.975.000,00	1.240.070.000,00	471.454.808,80	<b>3.972.278.738,19</b>
Uncalled amount	-	-	-	68.913.500,00	-	-	<b>68.913.500,00</b>
<b>Total</b>	<b>574.197.956,06</b>	<b>167.580.973,33</b>	<b>-</b>	<b>1.450.061.500,00</b>	<b>1.240.070.000,00</b>	<b>471.454.808,80</b>	<b>3.903.365.238,19</b>
Share premium	-	-	-	299.317.752,80	200.579.886,00	-	<b>499.897.638,80</b>
<b>OWN SHARES</b>							
Number of shares	-	-	-	15.658.901	20.002	1.000.000	
Amount	-	-	-	1.794.713.786,85	1.440.649.886,00	471.454.808,80	<b>3.706.818.481,65</b>

Every share issued by SNCB Holding gives right to one vote at the shareholders meeting, except for dividend-right shares for which one voting right is represented by 10 shares.

From the total voting power of the shares issued by Infrabel, 80% of the votes plus one vote are in favour of the Belgian State and 20% of the votes less one vote are in favour of SNCB Holding.

Movements in own shares do not affect the total comprehensive income.

The holding interest of SNCB Holding in Infrabel, SNCB and SNCB Logistics, as well as the holding interest of SNCB in SNCB Logistics represent own shares for the limited SNCB Group.

## Note 19 - Consolidated reserves

	Attributable to the shareholders				Total	Non-controlling interests
	Retained earnings through the IFRS transition	Consolidation differences	Revaluation gains	Retained earnings		
<b>At 1 January 2010</b>	<b>162.758.114,33</b>	-	-	<b>651.278.177,69</b>	<b>- 488.520.063,36</b>	-
Net income in 2010:	-	-	-	309.847.828,53	- 309.847.828,53	-
Other comprehensive income 2010	-	-	-	5.321.483,05	5.321.483,05	-
Change in scope 2010	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-
Other movements in equity	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Net Carrying value at 31 december 2010</b>	<b>162.758.114,33</b>	-	-	<b>955.804.523,17</b>	<b>- 793.046.408,84</b>	-
<b>Au 1<sup>er</sup> janvier 2011</b>	<b>162.758.114,33</b>	-	-	<b>955.804.523,17</b>	<b>- 793.046.408,84</b>	-
Net income in 2010:	-	-	-	350.897.488,92	- 350.897.488,92	-
Other comprehensive income 2010	-	-	-	1.982.440,67	1.982.440,67	-
Change in scope 2011	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-
Other movements in equity	-	-	-	-	-	-
Transferts	-	-	-	-	-	-
<b>Net Carrying value at 31 december 2011</b>	<b>162.758.114,33</b>	-	-	<b>- 1.304.719.571,42</b>	<b>- 1.141.961.457,09</b>	-

## Note 20 - Employee benefits

### 20.1 Employee benefits

The following liabilities relative to employee benefits are recognised in the statement of financial position:

	31/12/2010	31/12/2011
<b>Liability in the statement of financial position</b>		
Post-employment benefits	382.028.569,96	366.411.982,10
Other long-term benefits	24.430.414,53	26.040.735,20
Termination benefits	118.206.068,79	106.731.579,18
<b>Total liability in the statement of financial position</b>	<b>524.665.053,28</b>	<b>499.184.296,48</b>
- current	41.660.579,04	40.509.173,85
- non current	483.004.474,24	458.675.122,63

#### 20.1.1 Description of the employee benefits

##### a. Post-employment benefits

The applicable post-employment benefits are the following:

##### 1. *Employer contributions to the Social Solidarity Fund*

The retired statutory employees and their dependents (children and spouse) and dependents of deceased employees are covered by the Social Solidarity Fund. This fund is partially financed by the limited SNCB Group, with a contribution equal to a percentage of pensions paid.

##### 2. *Hospitalisation insurance*

In the context of the social agreement 2006-2007 it was agreed that the limited SNCB Group will continue the financing of premiums to a group insurance covering the hospitalization costs in a room with two beds. This insurance applies to both active and retired statutory employees and their dependents (children and spouse), affiliated to the Fund of Social Works. Since 1<sup>st</sup> January 2012 this insurance cover is also applicable to the contractual employees during their service. A new hospitalisation insurance contract was negotiated for a period of 2 years, with effect as from 1<sup>st</sup> January 2012 onwards, which can be extended as from 2014. The new insurance premiums are much lower than those applicable in the previous contract, with insurance cover remaining unchanged.

##### 3. *Benefits in case of a work accident*

Since the statutory employees do not benefit from the legal protection in case of a work accident, a system unique to the limited SNCB Group was established. Based on this system, employees and their dependents are entitled to a compensation in case of a work accident, both at work and on the way to work, or in case of occupational diseases.

Benefits include the reimbursement of medical care, life annuities, which are dependent on the degree of disability, and annuities and allowances for dependents in case of death following a work accident. Some annuities are indexed.

*4. Employer contributions to the union fund*

As part of the 2003-2008 union agreement, the limited SNCB Group agreed with the recognised trade union organizations to pay an annual amount of 10 EUR for each affiliated retired employee.

*5. Pension plans*

Since 1<sup>st</sup> January 2007, the Belgian State took over the pension liabilities for the statutory employees, which were previously borne by the limited SNCB Group. The liability of the limited SNCB Group is now limited to the payment of the employer contributions to the State. As far as the contractual employees are concerned, a defined contribution pension plan is applicable for a very limited number of employees.

With the exception of the hospitalisation insurance, which is guaranteed by an insurance company, the post-employment benefits are not pre-financed in an external fund and are therefore not financed by any underlying assets.

**a. Other long-term employee benefits**

The following other long-term employee benefits are granted to the employees:

*1. Seniority bonuses*

Decorations are paid to employees after a certain number of years of service.

*2. Additional holidays in function of age*

Additional days off are granted to the statutory employees as from the age of 45 and 50. A corresponding liability is recognised only for the employees for whom service needs to be performed.

*3. Availability leave*

Under certain conditions, availability leave can be granted for a period from one to three years. A compensation will be paid to the employees concerned.

There are no underlying assets to cover these benefits.

**b. Termination benefits**

The following termination benefits are granted to the employees:

*1. Partial or full career break*

Statutory employees can benefit from early retirement systems. These systems apply to specific categories of employees who have attained a minimum age, and provide for allowances partially offsetting the loss of working time.



## 2. Conventional early retirement for temporary staff

A system of conventional early retirement is applicable to temporary staff. This is a closed system that will expire in 2012.

## 3. Part-time work

For certain categories of employees who can not benefit from early retirement, compensatory mechanisms of part-time work exist. These are arrangements of part-time work on a voluntary basis, whereby an additional allowance is provided which partially compensates the loss of working hours.

There are no underlying assets to cover these benefits.

### 20.1.2 Liabilities relating to employee benefits

The following amounts are recognised in the statement of financial position relative to employee benefits:

	31/12/2010			Total	31/12/2011			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
<b>Funded status</b>								
Defined benefit obligation end of period (+)	382.028.569,96	24.430.414,53	118.206.068,79	524.665.053,28	366.411.982,10	26.040.735,20	106.731.579,18	499.184.296,48
Fair value of plan assets end of period (-)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>
<b>Amount recognised in the statement of financial position</b>								
Unrecognised past service cost	-	-	-	-	-	-	-	-
Unrecognised gains (+) / losses (-)	-	-	-	-	-	-	-	-
Amounts not recognized due to limit of paragraph 58(b)	-	-	-	-	-	-	-	-
<b>Net liability / (asset)</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>
<b>Defined benefit obligation end of period :</b>								
For unfunded plans	382.028.569,96	24.430.414,53	118.206.068,79	524.665.053,28	366.411.982,10	26.040.735,20	106.731.579,18	499.184.296,48
For funded plans	-	-	-	-	-	-	-	-
<b>Total</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>

The amounts relating to defined benefit plans recognised in net result is detailed as follows:

	31/12/2010			Total	31/12/2011			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
<b>Total expense</b>								
Current service cost (+)	11.568.086,77	1.580.555,84	2.458.921,62	15.607.564,23	9.659.585,02	1.963.852,96	4.309.669,30	15.933.107,28
Interest cost (+)	16.998.985,16	815.512,48	3.074.030,66	20.888.528,30	17.459.358,52	814.172,41	3.087.836,68	21.361.367,61
Expected return on plan assets (-)	-	-	-	-	-	-	-	-
Amortisation of actuarial gains (-) / losses (+)	-	2.107.333,75	- 2.184.624,02	- 77.290,27	-	1.845.578,47	- 964.469,37	881.109,10
Amortisation of past service cost	-	-	-	-	-	-	-	-
Curtailment / settlement gain / loss	221.173,56	- 182.634,00	21.911.972,90	21.950.512,46	-	-	-	-
Effect of paragraph 58(b) limit	-	-	-	-	-	-	-	-
<b>Total expense</b>	<b>28.788.245,49</b>	<b>4.320.768,07</b>	<b>25.260.301,16</b>	<b>58.369.314,72</b>	<b>27.118.943,54</b>	<b>4.623.603,84</b>	<b>6.433.036,61</b>	<b>38.175.583,99</b>
included in :								
payroll and related benefits	29.1 11.789.260,33	3.505.255,59	22.186.270,50	37.480.786,42	9.659.585,02	3.809.431,43	3.345.199,93	16.814.216,38
finance costs	30.2 16.998.985,16	815.512,48	3.074.030,66	20.888.528,30	17.459.358,52	814.172,41	3.087.836,68	21.361.367,61
statement of other comprehensive income	- 4.304.446,85	-	-	- 4.304.446,85	- 22.931.355,07	-	-	- 22.931.355,07

The limited SNCB Group has chosen to recognise actuarial gains and losses on post-employment benefits in other comprehensive income. Gains and losses relating to other benefits are recognised in net result.

The total amount of premiums paid by the limited SNCB Group relating to defined contribution plans amounts to 467.227,96 EUR (2010: 397.853,30 EUR).

The change in defined benefit obligation and in fair value of plan assets during the reporting period can be summarized as follows:

	31/12/2010				31/12/2011			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
<b>Defined benefit obligation</b>								
<b>As at 1 January (+)</b>	<b>377.486.522,00</b>	<b>23.368.562,70</b>	<b>110.483.724,58</b>	<b>511.338.809,28</b>	382.028.569,96	24.430.414,53	118.206.068,79	<b>524.665.053,28</b>
Current service cost (+)	11.568.086,77	1.580.555,84	2.458.921,62	<b>15.607.564,23</b>	9.659.585,02	1.963.852,96	4.309.669,30	<b>15.933.107,28</b>
Interest cost (+)	16.998.985,16	815.512,48	3.074.030,66	<b>20.888.528,30</b>	17.459.358,52	814.172,41	3.087.836,68	<b>21.361.367,61</b>
Past service cost (+) / profit (-)	-	-	-	-	-	-	-	-
Employee contributions (+)	-	-	-	-	-	-	-	-
Benefits paid (-)	- 19.941.750,68	- 3.258.916,24	- 17.537.956,95	<b>- 40.738.623,87</b>	- 19.804.176,33	- 3.013.283,17	- 17.907.526,22	<b>- 40.724.985,72</b>
Actuarial gains (+) / losses (-)	- 4.304.446,85	- 2.107.333,75	- 2.184.624,02	<b>- 4.381.737,12</b>	- 22.931.355,07	- 1.845.578,47	- 964.469,37	<b>- 22.050.245,97</b>
Curtailment	221.173,56	182.634,00	21.911.972,90	<b>21.950.512,46</b>	-	-	-	-
Settlement	-	-	-	-	-	-	-	-
<b>Defined benefit obligation as at 31 December (+)</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>

	31/12/2010				31/12/2011			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
<b>Fair value of plan assets</b>								
<b>As at 1 January (+)</b>	-	-	-	-	-	-	-	-
Employer contributions / benefits paid directly paid by employer (+)	19.941.750,68	3.258.916,24	17.537.956,95	40.738.623,87	19.804.176,33	3.013.283,17	17.907.526,22	40.724.985,72
Employee contributions (+)	-	-	-	-	-	-	-	-
Benefits paid (-)	- 19.941.750,68	- 3.258.916,24	- 17.537.956,95	<b>- 40.738.623,87</b>	- 19.804.176,33	- 3.013.283,17	- 17.907.526,22	<b>- 40.724.985,72</b>
Actuarial gains (+) / losses (-)	-	-	-	-	-	-	-	-
Settlements	-	-	-	-	-	-	-	-
<b>As at 31 December (+)</b>	-	-	-	-	-	-	-	-

The reconciliation with the statement of financial position is as follows:

	31/12/2010				31/12/2011			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
<b>Funded status</b>								
Defined benefit obligation as 1 January (+)	377.486.522,00	23.368.562,70	110.483.724,58	511.338.809,28	382.028.569,96	24.430.414,53	118.206.068,79	524.665.053,28
Fair value of plan assets as 1 January (-)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>377.486.522,00</b>	<b>23.368.562,70</b>	<b>110.483.724,58</b>	<b>511.338.809,28</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>
Unrecognised past service cost	-	-	-	-	-	-	-	-
Amounts not recognized due to limit of paragraph 58(b)	-	-	-	-	-	-	-	-
<b>Total liability in the statement of financial position</b>								
<b>As at 1 January</b>	377.486.522,00	23.368.562,70	110.483.724,58	511.338.809,28	382.028.569,96	24.430.414,53	118.206.068,79	524.665.053,28
Total expense recognised in the profit or loss	28.788.245,49	4.320.768,07	25.260.301,16	58.369.314,72	27.118.943,54	4.623.603,84	6.433.036,61	38.175.583,99
Actuarial gains (-) / losses (+) in other comprehensive income	- 4.304.446,85	-	-	- 4.304.446,85	- 22.931.355,07	-	-	- 22.931.355,07
Employer contributions / benefits paid directly paid by employer (-)	- 19.941.750,68	- 3.258.916,24	- 17.537.956,95	- 40.738.623,87	- 19.804.176,33	- 3.013.283,17	- 17.907.526,22	- 40.724.985,72
<b>As at 31 December</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>
<b>Cumulative actuarial gains (-) / losses (+) in other comprehensive income</b>	<b>- 4.304.446,85</b>	<b>-</b>	<b>-</b>	<b>- 4.304.446,85</b>	<b>- 27.235.801,92</b>	<b>-</b>	<b>-</b>	<b>- 27.235.801,92</b>

For 2012, the limited SNCB Group expects that the contributions and benefits paid directly by the entities will equal to 16,2 EUR million for the post-employment benefits, 3,1 EUR million for the other long-term employee benefits and 21,2 EUR million for termination benefits.

The evolution of the obligation and plan assets at closing date as well as experience gains and losses are summarised below:

	31/12/2010				31/12/2011			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
<b>Funded status</b>								
Defined benefit obligation (+)	382.028.569,96	24.430.414,53	118.206.068,79	524.665.053,28	366.411.982,10	26.040.735,20	106.731.579,18	499.184.296,48
Fair value of plan assets (-)	-	-	-	-	-	-	-	-
<b>Funded status</b>	<b>382.028.569,96</b>	<b>24.430.414,53</b>	<b>118.206.068,79</b>	<b>524.665.053,28</b>	<b>366.411.982,10</b>	<b>26.040.735,20</b>	<b>106.731.579,18</b>	<b>499.184.296,48</b>
<b>Total (gain) / loss on defined benefit obligation</b>								
(Gain) / loss due to changes in assumptions	- 1.518.222,79	329.490,00	575.901,70	- 612.831,09	52.155.541,00	308.133,13	1.061.099,83	53.524.773,96
Experience (gain) / loss	- 2.786.224,06	1.777.843,75	- 2.760.525,72	- 3.768.906,03	- 75.086.896,07	1.537.445,34	- 2.025.569,20	- 75.575.019,93
<b>Total (gain) / loss on defined benefit obligation</b>	<b>- 4.304.446,85</b>	<b>2.107.333,75</b>	<b>- 2.184.624,02</b>	<b>- 4.381.737,12</b>	<b>- 22.931.355,07</b>	<b>1.845.578,47</b>	<b>- 964.469,37</b>	<b>- 22.050.245,97</b>
<b>Actual return on plan assets</b>								
Expected return on plan assets (+)	-	-	-	-	-	-	-	-
Experience gain / (loss) on plan assets	-	-	-	-	-	-	-	-
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 20.2 Actuarial assumptions and sensitivity analysis

The liabilities for employee benefits are calculated on an actuarial basis, based on the projected unit credit method. The main underlying parameters (financial and demographic assumptions) used in the calculation of the liability can be summarized as follows:

	31/12/2010	31/12/2011
Discount rate	0% - 4,80%	0% - 3,53%
Expected rate of return on plan assets	0,00%	0,00%
Rate of compensation increase (above inflation)	N/A	N/A
Inflation rate	2,00%	2,00%
Medical cost increase	2,00%	2,00%
Mortality tables	MR/FR	MR/FR
Turnover rates	N/A	N/A
Disability rates	N/A	N/A

As per December 31, the discount rate used to discount the liabilities is determined by reference to the market yield at reporting date of high quality corporate bonds with similar duration than the liabilities.

The assumptions relating to mortality are based on the official mortality tables and on the experience observed within the limited SNCB Group. The assumption for medical costs increase (including inflation) was determined based on the current contract. All assumptions represent the best estimate of the limited SNCB Group.

The effect of a 1% change in the assumption of medical costs increase is presented below:

	<b>1% increase</b>		<b>1% decrease</b>
Impact on total service cost and interest cost components	1.284.165,93	-	1.034.316,97
Impact on defined benefit obligation	12.128.104,92	-	9.768.445,33

## Note 21 - Provisions

### 21.1 Provisions

Movements for the years 2010 and 2011 can be summarised as follows:

	Legal claims	Environmental provisions	Other provisions	Total
<b>As at 1 January 2010</b>	97.171.175,44	149.407.497,33	33.147.019,83	<b>279.725.692,60</b>
<u>Of which:</u>				
Non current	67.778.740,47	141.208.711,25	23.861.412,95	<b>232.848.864,67</b>
Current	29.392.434,97	8.198.786,08	9.285.606,88	<b>46.876.827,93</b>
Included in statement of comprehensive income :				
Increase	49.547.085,64	30.752.231,12	1.189.551,06	<b>81.488.867,82</b>
Use	- 5.438.117,30	- 4.598.163,22	- 1.321.145,01	<b>- 11.357.425,53</b>
Reversal	- 57.637.182,26	- 14.335.012,11	- 11.036.710,81	<b>- 83.008.905,18</b>
Changes in interest rates	389.474,23	3.313.296,71	-	<b>3.702.770,94</b>
Finance charges	1.390.281,39	3.084.171,50	-	<b>4.474.452,89</b>
<b>As at 31 December 2010</b>	<b>85.422.717,14</b>	<b>167.624.021,33</b>	<b>21.978.715,07</b>	<b>275.025.453,54</b>
<u>Of which:</u>				
Non current	50.210.440,67	158.874.089,10	12.317.064,96	<b>221.401.594,73</b>
Current	35.212.276,47	8.749.932,23	9.661.650,11	<b>53.623.858,81</b>

	Legal claims	Environmental provisions	Other provisions	Total
<b>As at 1 January 2011</b>	85.422.717,14	167.624.021,33	21.978.715,07	<b>275.025.453,54</b>
Included in statement of comprehensive income :				
Increase	16.139.738,20	2.660.858,01	46.493.919,93	<b>65.294.516,14</b>
Use	- 5.451.577,66	- 1.731.240,82	- 7.957.558,56	<b>- 15.140.377,04</b>
Reversal	- 22.740.849,00	- 2.127.326,75	- 1.418.038,31	<b>- 26.286.214,06</b>
Changes in interest rates	929.437,79	4.595.828,05	-	<b>5.525.265,84</b>
Finance charges	808.705,53	3.333.669,62	-	<b>4.142.375,15</b>
<b>As at 31 December 2011</b>	<b>75.108.172,00</b>	<b>174.355.809,44</b>	<b>59.097.038,13</b>	<b>308.561.019,57</b>
<u>Of which:</u>				
Non current	42.678.951,57	158.949.168,99	7.167.085,00	<b>208.795.205,56</b>
Current	32.429.220,43	15.406.640,45	51.929.953,13	<b>99.765.814,01</b>

The provision for legal claims represents the present value of the best estimate of outflow of resources embodying economic benefits over 20 years because of legal claims filed against the limited SNCB Group, mainly relating to public markets and to employment contracts, and for which the occurrence is probable. Contingent liabilities that represent the legal claims against the limited SNCB Group for which the probability of outflow of resources is low are disclosed in note 32.

The provision for soil remediation is the present value of estimated cost of work to be executed over a period of 20 years in respect of legal and constructive obligations for the depollution of the land.

Other provisions include a provision for onerous contracts relating to the freight sector, and provision for a subsidiary put in liquidation.

## Note 22 - Financial liabilities

### 22.1 Financial liabilities

This note provides information on contractual terms of interest-bearing borrowings valued at amortised cost signed by the limited SNCB Group. For additional information on the limited SNCB Group's exposure to interest rate risk, exchange rate risk and liquidity risk, please refer to note 2. The terms and repayment maturities of these liabilities are documented in note 34.

		31/12/2010	31/12/2011
	<u>Notes</u>		
<b>Non current financial liabilities</b>			
Bank borrowing		2.144.406.854,09	2.379.804.600,64
Bonds		784.346.202,39	865.204.373,60
Financial lease liabilities	22.2	11.857.767,03	10.767.166,47
Other financial liabilities		1.389.236.898,28	1.327.879.502,01
<b>Total</b>		<b>4.329.847.721,79</b>	<b>4.583.655.642,72</b>
<b>Current financial liabilities</b>			
Bank overdrafts	15	530,09	4.000.064,40
Bank borrowing		207.276.558,83	333.366.209,89
Bonds		110.928.700,88	9.949.018,33
Financial lease liabilities	22.2	871.080,68	926.271,97
Other financial liabilities		702.081.259,59	476.770.811,89
<b>Total</b>		<b>1.021.158.130,07</b>	<b>825.012.376,48</b>
<b>Total financial debts</b>		<b>5.351.005.851,86</b>	<b>5.408.668.019,20</b>

	31/12/2010	31/12/2011
<b>Non current :</b>		
SNCB Holding	4.329.847.721,79	4.583.655.642,72
Infrabel	-	-
SNCB	-	-
SNCB Logistics	-	-
<b>Carrying value as at 31 December</b>	<b>4.329.847.721,79</b>	<b>4.583.655.642,72</b>
<b>Current :</b>		
SNCB Holding	1.021.157.621,16	821.012.312,08
Infrabel	-	64,40
SNCB	508,91	-
SNCB Logistics	-	4.000.000,00
<b>Carrying value as at 31 December</b>	<b>1.021.158.130,07</b>	<b>825.012.376,48</b>

The fair value of financial liabilities is included in note 34. Note that part of the financial liabilities is covered by financial instruments under "Other financial assets" or "Cash and cash equivalent".

## 22.2 Financial liabilities relating to finance lease contracts

Maturities of the liabilities relating to finance lease contracts are as follows:

	At less than 1 year	Between 1 and 5 years	At more than 5 years	Total
<b>Present value of future minimum lease payments - 31/12/2010</b>				
Future minimum lease payments	1.672.828,36	6.925.572,82	9.525.663,30	18.124.064,48
Interest / Future finance charges on contracts	- 801.747,68	- 2.744.884,65	- 1.848.584,44	- 5.395.216,77
<b>Total</b>	<b>871.080,68</b>	<b>4.180.688,17</b>	<b>7.677.078,86</b>	<b>12.728.847,71</b>
<b>Present value of future minimum lease payments - 31/12/2011</b>				
Future minimum lease payments	1.672.828,36	6.691.313,44	7.852.834,94	16.216.976,74
Interest / Future finance charges on contracts	- 746.556,39	- 2.347.405,83	- 1.429.576,08	- 4.523.538,30
<b>Total</b>	<b>926.271,97</b>	<b>4.343.907,61</b>	<b>6.423.258,86</b>	<b>11.693.438,44</b>

Conditional rents recognised as income under finance lease contracts amount to 365.978,85 EUR (2010: 326.378,28 EUR) and relate to indexation.

Commitments for minimum rents due under non-cancellable operating lease contracts are included in note 35 - Rights and obligations.

## Note 23 - Deferred tax assets/liabilities

	31/12/2010	31/12/2011
<b>Current taxes</b>		
Current tax assets	-	-
Current tax payables	-	-
<b>Net position of current taxes</b>	-	-
<b>Deferred taxes</b>		
Deferred tax assets	124.071.843,48	158.567.256,16
Deferred tax liabilities	-	-
<b>Net position of deferred taxes</b>	<b>124.071.843,48</b>	<b>158.567.256,16</b>

Movements of the year can be summarised as follows:

	31/12/2010	31/12/2011
<b>Deferred tax assets</b>		
<b>At 1 January</b>	101.639.086,00	124.071.843,48
Tax recognised in net result	21.415.721,28	55.444.327,08
Tax recognised in other comprehensive income	1.017.036,20	- 20.948.914,40
<b>At 31 December</b>	<b>124.071.843,48</b>	<b>158.567.256,16</b>

	Statement of financial position	
	31/12/2010	31/12/2011
<b>Deferred tax assets</b>		
Tax losses carried forward	159.045.826,45	154.408.092,83
Liabilities for employee benefits	29.922.875,75	36.388.034,63
Impairment loss on trade and other receivables	23.080.316,35	23.268.076,13
Financial instruments at fair value	921.830,80	20.945.034,17
Other temporary differences	67.219,00	0,00
<b>Gross deferred tax assets</b>	<b>213.038.068,35</b>	<b>235.009.237,76</b>
<b>Deferred tax liabilities</b>		
Untaxed reserves	30.361.316,42	30.210.333,64
Property, plant and equipment	494.477,25	7.306.602,08
Provisions	58.110.431,20	38.925.045,88
<b>Gross deferred tax liabilities</b>	<b>88.966.224,87</b>	<b>76.441.981,60</b>
<b>Net position of deferred taxes</b>	<b>124.071.843,48</b>	<b>158.567.256,16</b>

Deferred tax assets relating to recoverable tax losses and to tax credits are recorded as long as recovery is probable. The limited SNCB Group did not recognise deferred tax assets of 1.479.765.669,08 EUR at 31 December 2011 relating to recoverable tax losses of 3.820.383.526,90 EUR and to tax credits of 533.148.891,70 EUR. Recovery of tax losses and tax credits is not limited in time except for 177.438.033,95 EUR which is recoverable during a period of 7 years.



## Note 24 - Trade and other payables

		31/12/2010	31/12/2011
	<u>Notes</u>		
<b>Non-current trade payables</b>			
Suppliers		-	-
Advances received from clients for contract work	11	20.000.000,00	27.742.524,57
Amounts due to customers for contract work	11	-	1.891.733,36
Other payables		-	-
<b>Total</b>		<b>20.000.000,00</b>	<b>29.634.257,93</b>
<b>Current trade payables</b>			
Suppliers		776.937.451,99	1.003.293.533,90
Amounts due to customers for contract work	11	-	-
Other payables		53.428.934,13	46.428.052,26
<b>Total</b>		<b>830.366.386,12</b>	<b>1.049.721.586,16</b>
<b>Total trade and other payables</b>		<b>850.366.386,12</b>	<b>1.079.355.844,09</b>

## Note 25 - Social debts

	31/12/2010	31/12/2011
Withholding tax	43.094.335,76	43.806.458,32
Social security contributions	27.696.172,02	26.341.148,13
Wages and compensation	251.360.439,77	254.749.101,06
Holiday pay	101.467.250,51	103.923.949,62
Other social debts	128.813.120,64	107.964.274,92
<b>Total</b>	<b>552.431.318,70</b>	<b>536.784.932,05</b>
<b>Of which:</b>		
Social debts that are due	13.912,82	18.312,82
Social debts not yet due	552.417.405,88	536.766.619,23

## Note 26 - Grants

### 26.1 Investment grants

The changes during the reporting period can be summarized as follows:

	31/12/2010	31/12/2011
<b>Investment grants</b>		
As at 1 January	15.899.300.705,50	16.827.693.997,50
New grants	1.529.096.634,35	1.771.841.804,97
Allocated to Property, plant and equipment and to intangible assets	- 600.703.342,35	- 704.554.604,75
Other movements	-	-
<b>Balance as at 31 December</b>	<b>16.827.693.997,50</b>	<b>17.894.981.197,72</b>
<b>Of which :</b>		
Non current	16.256.511.284,15	17.289.218.021,87
Current	571.182.713,35	605.763.175,85

Investment grants are obtained through investments in intangible assets and property, plant and equipment and are presented on the liabilities side of the statement of financial position and are recognised in operating result at the same rate as the depreciation of the fixed assets for which they were obtained.

### 26.2 Operating grants

The changes during the reporting period can be summarized as follows:

	31/12/2010	31/12/2011
<b>New operating grants</b>		
SNCB Holding	223.225.975,92	227.114.203,66
Infrabel	211.546.189,96	210.330.731,88
SNCB	893.748.812,49	908.843.251,30
SNCB-Logistics	-	1.155,00
<b>Total</b>	<b>1.328.520.978,37</b>	<b>1.346.289.341,84</b>

The operating grants include the basic allowances, allowances for training and safety, as well as the economic recovery plan.

### 26.3 Financial grants

The changes during the reporting period can be summarized as follows:

	31/12/2010	31/12/2011
<b>Financial grants to be received</b>		
<b>As at 1 January</b>	14.669.479,41	14.616.123,44
New grants	29.526.607,25	29.135.723,69
Payments received	- 29.579.963,22	- 29.476.600,41
Transfers	-	-
Other movements in net result	-	-
<b>Balance as at 31 December</b>	<b>14.616.123,44</b>	<b>14.275.246,72</b>

## Note 27 - Other amounts payable

	31/12/2010	31/12/2011
<b>Other amounts payable - non current</b>		
Deferred income (excluding fees relating to cross border arrangements)	-	-
Accrued expenses	-	-
Debts to related parties	- 53.807,11	10.559.774,24
VAT, taxes and withholding tax to be paid	-	-
Deferred fees relating to cross border arrangements and guarantees	116.336.702,25	108.873.737,09
Funds managed for third parties	232.922.020,15	163.925.315,36
Other	-	-
<b>Total</b>	<b>349.204.915,29</b>	<b>283.358.826,69</b>
<b>Other amounts payable - current</b>		
Deferred income (excluding fees relating to cross border arrangements)	261.777.988,33	402.193.409,32
Accrued expenses	42.013.908,26	60.440.525,99
Debts to related parties	13.591.761,54	38.155.837,35
VAT, taxes and withholding tax to be paid	35.946.173,99	27.165.561,07
Funds managed for third parties	472.914.022,86	341.014.000,00
Dividends, guarantees and non-allocated funds	24.810.797,30	11.966.033,07
Other	61.428.254,42	4.949.083,19
<b>Total</b>	<b>912.482.906,70</b>	<b>885.884.449,99</b>
<b>TOTAL OTHER AMOUNTS PAYABLE</b>	<b>1.261.687.821,99</b>	<b>1.169.243.276,68</b>

## Note 28 - Operating income and expenses

### 28.1 Operating income

#### 28.1.1 Turnover

	31/12/2010	31/12/2011
Transport	1.209.095.164,77	1.257.548.794,06
<i>B-Mobility</i>	679.966.478,26	639.310.343,92
<i>B-Europe</i>	235.695.937,50	233.695.574,99
<i>Goods</i>	293.432.749,01	384.542.875,15
Real estate management	180.113.844,99	176.702.233,29
Services - studies and assistance	26.473.804,33	32.648.737,61
Services- information technology	12.726.687,50	10.095.791,71
Detached personnel	55.298.033,75	55.682.623,38
Miscellaneous	73.361.668,46	53.268.363,68
<b>Total chiffre d'affaires</b>	<b>1.557.069.203,80</b>	<b>1.585.946.543,73</b>

#### 28.1.2 Other operating income

	31/12/2010	31/12/2011
Increase/decrease in finished goods and work in progress	- 3.842.801,87	- 1.353.258,98
Gain on sale of intangible assets, property, plant and equipment, and investment property	39.872.090,75	42.851.940,37
	14.567.084,92	13.908.306,30
NPV operated on cross-border arrangements	21.316.866,97	20.162.594,41
Expenses recharges	2.806.592,86	17.320.396,49
Mioscellaneous operating income (fines, etc.)	60.661.403,18	22.291.740,80
Other	5.950.373,11	13.284.573,21
<b>Total autres produits d'exploitation</b>	<b>141.331.609,92</b>	<b>128.466.292,60</b>

## 28.2 Operating expenses

### 28.2.1 Services and other goods

	31/12/2010	31/12/2011
Rent and rental charges	135.956.578,14	126.565.548,27
Maintenance and repairs	178.022.737,93	179.020.553,07
Goods	147.556.127,03	202.006.448,76
Supplies	225.764.414,32	254.671.376,62
Expenses related to operational activities	42.796.716,61	93.605.939,49
Payments to third parties	169.004.799,10	151.803.544,06
Contributions	35.786.460,81	42.455.715,88
Provisions for risks and charges	- 2.137.827,71	27.681.778,30
Other	237.692.044,99	145.699.532,81
<b>Total services and other goods</b>	<b>1.170.442.051,22</b>	<b>1.223.510.437,26</b>

### 28.2.2 Other operating expenses

	31/12/2010	31/12/2011
Losses on sale of intangible assets, property, plant and equipment, and investment property	4.510.572,75	5.097.872,38
Impairments on trade and other receivables	14.898.807,14	23.559.763,45
Impairment on contracts in progress	13.401.708,78	8.594.161,05
Impairment on inventories	- 41.847.641,30	17.713.874,54
Other operating expenses	10.500.429,58	9.630.956,49
<b>Total other operating expenses</b>	<b>1.463.876,95</b>	<b>64.596.627,91</b>

## Note 29 - Employee benefit expenses

### 29.1 Employee benefit expenses

		31/12/2010	31/12/2011
	<u>Notes</u>		
Wages, salaries and other short-term benefits		1.705.596.746,88	1.728.781.513,92
Social security expenses		381.554.294,24	346.343.258,59
Defined contribution plans		397.853,30	467.227,96
Post-employment benefits	20	11.789.260,33	9.659.585,02
Other long-term employee benefits	20	3.505.255,59	3.809.431,43
Termination benefits	20	22.186.270,50	3.345.199,93
Other		46.390.820,62	18.845.622,18
<b>Total employee benefit expenses</b>		<b>2.171.420.501,46</b>	<b>2.111.251.839,03</b>

The financial expenses relating to employee benefits are recognised in financial results. Please refer to note 30.

### 29.2 Employee headcount

	31/12/2010	31/12/2011
<b>A. Staff</b>		
<b>Average number of employees (in FTE)</b>	<b>36.729</b>	<b>35.892</b>
Blue-collar workers	20.585	19.778
White-collar workers	15.378	15.374
Management	766	741
Others	-	-
<b>B. Interim personnel and employees temporarily transferred</b>		
Average number of employees (in FTE)	23	29

## Note 30 - Financial income and expenses

### 30.1 Financial income

	31/12/2010	31/12/2011
	<u>Note</u>	
Interest income from:		
held-to-maturity investments on which no impairment has been recorded	4.257.039,86	9.473.766,64
held-to-maturity investments on which an impairment has been recorded	-	-
loans and receivables on which no impairment has been recorded	27.641.399,81	33.688.340,61
loans and receivables on which an impairment has been recorded	428.643,10	791.141,16
financial assets at fair value through profit and loss	49.228.660,94	39.827.872,71
available-for-sale financial assets	182.427,39	408.726,11
Changes in fair value of financial assets at fair value through profit and loss	18.607.091,39	57.978.288,90
Changes in fair value of financial liabilities at fair value through profit and loss	71.086.976,70	11.592.279,12
Changes in fair value of derivatives	54.383.818,87	132.912.099,82
Changes in fair value of available-for-sale financial assets recycled into net result	-	-
Reversal of impairment on financial assets held for sale	-	-
Reversal of impairment on held-to-maturity investments	-	-
Reversal of impairment on loans and receivables	2.936.330,31	-
Gains from foreign exchange differences	39.720.570,66	9.206.861,70
Gain on disposal of loans and receivables	-	-
Dividends received	20.510.056,23	7.852.112,53
Other financial income	14.591.562,89	11.143.772,64
<b>Total financial income</b>	<b>303.574.578,15</b>	<b>314.875.261,94</b>

### 30.2 Financial expenses

	31/12/2010	31/12/2011
	<u>Notes</u>	
Interest expenses on:		
financial debts at amortised cost	75.942.243,44	105.513.739,67
financial liabilities at fair value through profit and loss	116.984.840,89	95.332.504,26
financial lease debts	648.535,03	877.516,23
employee benefit obligations	20 20.888.528,30	21.361.367,61
provisions	21 4.474.452,89	4.142.375,15
Capitalised finance costs	- 349.871,69	- 506.988,84
Changes in fair value of financial assets at fair value through profit and loss	9.028.307,65	15.651.550,53
Changes in fair value of financial liabilities at fair value through profit and loss	49.476.267,54	70.095.118,75
Changes in fair value of derivatives	161.459.361,34	209.806.201,68
Changes in fair value of available-for-sale financial assets recycled into net result	-	-
Impairment on financial assets held for sale	7.817,62	-
Impairment on held-to-maturity investments	-	-
Impairment on loans and receivables	12.348.937,30	-
Loss on disposal of loans and receivables	-	32.044,99
Losses from foreign exchange differences	39.107.706,32	8.353.100,81
Other financial expenses	- 37.146.582,11	- 24.896.079,41
<b>Total financial expenses</b>	<b>452.870.544,52</b>	<b>505.762.451,43</b>



## Note 31 - Income tax

The table below shows a reconciliation between, on the one hand, the tax expense (credit) on total comprehensive income before tax at the Belgian statutory tax rate and, on the other hand, the tax expense (income) on total comprehensive income at the effective tax rate of the limited SNCB Group of the reporting period ending 31 December:

	2010	2011
<b>Comprehensive income before tax</b>	- <b>326.923.213,98</b>	- <b>383.331.837,06</b>
Income taxes calculated based on tax rate of 33,99%	111.121.200,43	130.294.491,42
Variation due to the recognition of deferred taxes	- 63.408.991,03	- 119.176.913,61
Effect of disallowed expenses	- 26.806.401,85	- 22.470.949,93
Tax-free results	- 472.967,34	45.547.828,29
Notional interest deduction	2.550.728,92	3.004.594,66
Definitively taxed income	79.520,80	- 119.177,51
Other permanent differences	- 666.221,43	- 2.663.084,50
<b>Tax (expense)/income on total comprehensive income</b>	<b>22.396.868,50</b>	<b>34.416.788,81</b>

## **Note 32 - Contingent assets and liabilities**

The contingent assets amount to 15.470.398,94 EUR as at 31 December 2011 and represent mainly amounts requested by the limited SNCB Group to third parties responsible for disability of staff members.

The contingent liabilities amount to 330.003,66 EUR as at 31 December 2011 and represent legal claims against the limited SNCB Group for which the probability that an outflow of resources will be required to settle the obligation is low at that date.

## Note 33 - Additional information on financial instruments

### 33.1 Financial assets

following category IAS 39		Accounting value at 31/12/2010	Fair value at 31/12/2010	Accounting value 31/12/2011	Fair value at 31/12/2011
<b>Non-current assets</b>					
Trade and other receivables	Loans and receivables at amortised cost	975.263.509,13	975.263.509,13	766.162.792,44	766.164.530,62
Derivatives	Financial assets at fair value through profit and loss	311.545.711,82	311.545.711,82	300.544.905,85	300.544.905,85
Other financial assets	Available-for-sale assets at fair value through other comprehensive income	56.998.528,60	56.998.528,60	57.048.689,14	57.048.689,14
	Financial assets at fair value through profit and loss	743.236.458,25	743.236.458,25	781.645.461,67	781.645.461,67
	Financial assets at amortised cost	903.116.733,89	916.976.368,07	823.165.169,75	845.356.668,38
<b>Total</b>		<b>2.990.160.941,69</b>	<b>3.004.020.575,87</b>	<b>2.728.567.018,85</b>	<b>2.750.760.255,66</b>
<b>Current assets</b>					
Trade and other receivables	Loans and receivables at amortised cost	1.318.004.970,82	1.318.004.970,82	1.623.147.780,27	1.623.147.780,27
Derivatives	Financial assets at fair value through profit and loss	51.161,69	51.161,69	914.373,59	914.373,59
Other financial assets	Available-for-sale assets at fair value through other comprehensive income	38.741,77	38.741,77	29.831,48	29.831,48
	Financial assets at fair value through profit and loss	128.797.061,59	128.797.061,59	68.172.389,22	68.172.389,22
	Financial assets at amortised cost	141.795.055,11	109.603.650,52	116.546.136,74	105.966.289,13
	Investments held to maturity at amortised cost	397.166.324,27	397.166.324,27	226.117.276,33	226.117.276,33
<b>Total</b>		<b>1.985.853.315,25</b>	<b>1.953.661.910,66</b>	<b>2.034.927.787,63</b>	<b>2.024.347.940,02</b>

This analysis only concerns financial assets under IFRS 7, excluding therefore deferred charges, amounts relating to construction contracts, etc.

### 33.2 Financial liabilities

following category IAS 39		Accounting value at 31/12/2010	Fair value at 31/12/2010	Accounting value 31/12/2011	Fair value at 31/12/2011
<b>Non-current financial liabilities</b>					
Financial liabilities	Financial liabilities at amortised cost	3.355.570.995,20	3.472.189.680,28	3.622.348.386,57	3.662.616.436,91
	Financial liabilities at fair value through profit and loss	974.276.726,59	974.276.726,59	961.307.256,15	961.307.256,15
Derivatives	Financial liabilities at fair value through profit and loss	269.290.442,86	269.290.442,86	397.441.518,14	397.441.518,14
Trade and other payables	Financial liabilities at amortised cost	-	-	-	-
Other liabilities	Financial liabilities at amortised cost	233.556.039,07	233.556.039,07	176.968.895,56	176.968.895,56
<b>Total</b>		<b>4.832.694.203,72</b>	<b>4.949.312.888,80</b>	<b>5.158.066.056,42</b>	<b>5.198.334.106,76</b>
<b>Current financial liabilities</b>					
Financial liabilities	Financial liabilities at amortised cost	784.513.444,37	752.039.219,20	676.448.185,23	665.821.892,38
	Financial liabilities at fair value through profit and loss	236.644.685,70	236.644.685,70	148.564.191,25	148.564.191,25
Derivatives	Financial liabilities at fair value through profit and loss	35.660.929,24	35.660.929,24	25.157.468,41	25.157.468,41
Trade and other payables	Financial liabilities at amortised cost	830.366.386,12	830.366.386,12	1.049.721.586,16	1.049.721.586,16
Other liabilities	Financial liabilities at amortised cost	650.326.666,68	650.326.666,68	483.365.004,55	483.365.004,55
<b>Total</b>		<b>2.537.512.112,11</b>	<b>2.505.037.886,94</b>	<b>2.383.256.435,60</b>	<b>2.372.630.142,75</b>

This analysis only concerns financial assets under IFRS 7, excluding therefore deferred income, amounts relating to construction contracts, etc.

## Note 34 - Cross-border arrangements

The limited SNCB Group entered into several cross-border leasing transactions (assets sold or leased to a Trust, and then immediately leased back to the limited SNCB Group) aimed at realising financial benefits shared with the Trust. These so-called "Cross-border arrangements" are accounted for based on their economic substance in accordance with SIC-27. The underlying property, plant and equipment of those transactions can be grouped as follows:

- Rolling stock (Diesel and electrical engines, self propelled cars, high-speed trains and passenger coaches): the related agreements have an initial basic term between 12 and 28 years.
- Qualified technological equipment: the related agreements have an initial basic term of 16 years.
- Railway infrastructure (marshalling yards and high-speed lines): the related agreements have an initial basic term between 20 and 31,5 years.
- Administrative buildings: the related agreements have an initial basic term of 29,5 years.

The transactions do entail some restrictions on the use of the underlying assets (e.g. no disposal, no sublease without prior consent of the Trust).

The limited SNCB Group kept the property, plant and equipment on its statement of financial position and did not recognise any gain or loss from the sales transactions to the Trust.

The investment accounts (investment of a portion of the proceeds arising from the sale or head lease) and related payment obligations towards the Trust (over the duration of the arrangement) are recognised in the limited SNCB Group's consolidated statement of financial position except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities) which represent 1.909.737.858,17 EUR (2.010.978.859,75 EUR) as per 31 December 2011 (2010). The investment accounts and related payment obligations towards the Trust are recognised in accordance with IAS 39 as explained in the notes "Other financial assets" and "Financial liabilities". As per 31 December 2011 (2010), 1.071.408.916,30 EUR (1.140.803.708,94 EUR) has been recognised as investment accounts. On the other hand, 2.246.940.382,87 EUR (2.379.148.954,81 EUR) has been recognised with respect to the payment obligations towards the Trust.

For certain transactions, the limited SNCB Group used derivatives in order to hedge interest rate and foreign exchange risks. In those cases the limited SNCB Group applied the fair value option as stipulated by IAS 39 to account for the financial assets and liabilities. The use of derivatives is explained in note 12. As per end 2011 (2010) the fair value of the derivatives linked to the cross-border arrangements amounts to 77.319.152,69 EUR (122.684.994,53 EUR). The analysis of the financial risk management related to the use of financial instruments, including the financial instruments related to the cross-border arrangements, is explained in note 2.

The fees received from the transactions are recognised in net result on a straight line basis over the duration of the transactions. In 2011 (2010), 20.162.594,41 EUR (21.316.866,97 EUR) was recognised in the operating result.

At the end of the initial basic term, the limited SNCB Group has several options based on the type of transaction including:

- Exercise the purchase option;
- Return the assets to the Trust, who will use them for its own purpose;
- Return the assets to the Trust, for whom the limited SNCB Group will act as a sales agent for the assets;
- Extend the arrangement by a lease or service contract beyond the initial basic term of the arrangement; or
- Find a third party who will assume the remaining obligations towards the Trust under a lease or service contract.

## Note 35 - Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 2.109.612.798,47 EUR (1.748.067.437,87 EUR) as at 31 December 2011 (2010).

The amount of contractual commitments for the acquisition of services is 579.951.444,84 EUR (1.245.123.042,30 EUR) as at 31 December 2011 (2010).

The personal guarantees by the limited SNCB Group for third parties is 13.520.704,46 EUR (13.516.954,46 EUR) as at 31 December 2011 (2010).

Credit lines granted by third parties to the limited SNCB Group amount to 1.477.169.763,51 EUR (1.528.000.679,36 EUR) as at 31 December 2011 (2010).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 89.132.864,27 EUR as at 31 December 2011, of which 17.078.437,63 EUR in less than a year, 53.700.484,37 EUR to more than one year but within 5 years and 18.353.942,27 EUR to over 5 years.

Guarantees given by third parties on behalf of the limited SNCB Group amount to 3.306.243.430,39 EUR (3.365.854.427,29 EUR) as at 31 December 2011 (2010) and mainly concern the securities given by the State within the framework of the cross-border arrangements.

Goods and values held by third parties on their behalf but for which the risks and rewards are assumed by the limited SNCB Group represent 779.205.180,49 EUR (928.629.745,48 EUR) as at 31 December 2011 (2010) and relate to prepayments within the framework of the cross-border arrangements .

The guarantees given by the limited SNCB Group on own assets amount to 1.064.964.075,80 EUR (1.085.329.467,96 EUR) as at 31 December 2011 (2010) and relate to investments pledged under the cross-border arrangements.

Investment accounts related to cross-border arrangements that are not recognised in the statement of financial position are shown in note 34.

## Note 36 - Information on related parties

### 36.1 Relations with the State

#### 36.1.1 Holding interests

The Belgian State is the ultimate and principal shareholder of the four entities.

#### 36.1.2 Management contracts

The Belgian State signed a management contract with SNCB Holding, Infrabel and SNCB for the period 2008-2012. In each of these three management contracts, it is stated that the three companies are an essential part of the transportation system in Belgium. They have been entrusted, under a coherent group policy, the mission to ensure that their activities are consistent with the sustainable mobility policy pursued by the Belgian Government and that they contribute to meeting mobility needs.

More specifically, the mission entrusted to the three companies is twofold:

- first, promote railway transportation on the Belgian network, thus providing an alternative to less environmentally friendly transportation modes; and
- second, ensure an optimal quality service so that their traffic growth exceeds the general traffic growth trend of any other transportation mode.

The legislator set the public service missions of the three public autonomous companies as follows:

For SNCB Holding:

1. owning and managing holding interests in the equity of SNCB and Infrabel, respectively;
2. performance of security activities in relation to railway systems;
3. acquisition, development, maintenance and administration of train stations and their dependencies;
4. preservation of historic heritage of Railway Operations;
5. other public service missions entrusted to it by or under the law.

For SNCB:

1. domestic transportation ensured by regular service trains as well as high speed trains;
2. acquisition, construction, maintenance and management of investments in rolling stock used for domestic transportation of passengers;
3. cross-border transportation of passengers, namely to the stations of neighbouring networks;
4. tasks that SNCB is required to perform with a view to the needs of the Nation.

For Infrabel:

1. acquisition, construction, renewal, maintenance and management of railway infrastructure;
2. management of regulation and security systems of this infrastructure;

3. provision, to railway companies, of the services defined by the King, as decreed by the Council of Ministers;
4. allocation of available railway infrastructure capacity;
5. pricing, billing and collection of fees for using the railway network and for the services referred to in 3;
6. certification of railway companies' staff and rolling stock in terms of technical standards and regulations in respect of the safety and the use of the infrastructure, as established by the King.

Management contracts are not limited to merely defining public service missions. They also stipulate certain tasks to be performed in order to fulfil these missions.

In order to allow the companies of the limited SNCB Group to perform the public service missions entrusted to them under the management contracts, these companies receive grants from the Federal (i.e. National) Government and, to a lesser extent, from federated entities (Regions) for certain specific operations. For additional information, please refer to note 26.

### *36.1.3 Services to public administrations*

The company provides transportation and communication services to the Belgian State and to various public administrations of the Belgian State. All these transactions are conducted as in a normal client/provider relationship, and under terms that are not more favourable than those offered to other clients and providers. The services provided to these administrations do not represent a significant portion of the company's net revenue.

## **36.2 Relations between the companies of the limited SNCB Group**

In the ordinary course of performance of the management contract, the companies of the limited SNCB Group engage in mutual relations. The main relations are the following:

- staff is hired by SNCB Holding and made available to Infrabel, SNCB and SNCB Logistics;
- services such as HR, IT, Treasury and accounting coordination are provided by SNCB Holding to Infrabel, SNCB and SNCB Logistics;
- the railway network is made available by Infrabel to SNCB and the latter pays usage fees that are calculated in the same manner as for other railway operators;
- rolling stock maintenance is performed by SNCB for SNCB Logistics;
- rolling stock leasing contracts are entered into between SNCB Holding and SNCB, and between SNCB and SNCB Logistics.

## **36.3 Figures relating to relations with public authorities and related parties**

Grants granted by public authorities are detailed in note 26.



Besides these grants, the following operations were carried out with related parties:

	31/12/2010	31/12/2011
Turnover realised with related companies	112.478.197,10	211.720.791,88
Turnover realised with companies with participating interest	135.780.636,49	82.610.741,73
Net receivables on related companies	503.262.040,28	496.720.061,82
Net receivables on companies with participating interest	43.529.778,50	24.581.417,12
Net receivables on public authorities	1.783.083.009,80	1.808.245.465,06
Debts to related companies	282.559.324,66	323.823.577,41
Debts to companies with participating interest	26.911.337,42	22.161.663,92

These transactions were concluded at normal market conditions.

### 36.4 Relations with key management

The directors and the members of the management committees of SNCB Holding, Infrabel, SNCB and SNCB Logistics are considered as key management of the limited SNCB Group.

The total amount of compensation provided to directors and members of the management committees amount to 5.525.658,01 EUR in 2011 and 5.474.756,39 EUR in 2010. The directors did not receive any loans or advances from the limited SNCB Group. For the list of directors and members of the management committee, please refer to the general information.

The above total amounts of compensation provided to the main directors include the following elements:

- short-term benefits: annual salary (fixed and variable) and short-term fringe benefits such as health insurance, private use of a company car, ... as well as social security contributions paid on these benefits;
- termination benefits;
- post-employment benefits: insurance premiums paid by the limited SNCB Group, essentially covering an additional retirement plan;
- any severance payments.

Key management compensation is as follows:

	31/12/2010	31/12/2011
Salaries and other short-term benefits	5.337.741,30	5.347.199,12
Termination benefits	-	-
Post-employment benefits	137.015,09	178.458,89
Other long-term employee benefits	-	-
<b>Total</b>	<b>5.474.756,39</b>	<b>5.525.658,01</b>

No loans were granted to key management.

## Note 37 - Auditors fees

In 2011, the limited SNCB Group recorded an amount of 971.286,00 EUR for auditor fees as part of the statutory audit assignment. There has been no non-audit services provided by the auditor and associated firms in 2011.

These amounts can be broken down as follows:

	31/12/2010		31/12/2011	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review of the financial statements	1.231.549,00	-	971.286,00	-
Assignments related to tax consultancy	-	-	-	-
Other assignments	210.000,00	116.000,00	-	-
<b>Total</b>	<b>1.441.549,00</b>	<b>116.000,00</b>	<b>971.286,00</b>	<b>-</b>

## **Note 38 - Events after the reporting date**

No significant event impacting the financial statements of the limited SNCB Group has been observed after the reporting date.