
# CONSOLIDATED ACCOUNTS OF THE SNCB GROUP

**2011**

CONSOLIDATED ACCOUNTS
OF THE SNCB GROUP **2011**

# INTRODUCTION

# CONSOLIDATED ACCOUNTS OF THE SNCB/NMBS GROUP AS AT 31 DECEMBER 2011

## 1. Transition to IFRS (International Financial Reporting Standards)

The Management Contracts entered into individually between the Belgian State and the 3 public companies that form the core of the SNCB/NMBS Group include the transition to IFRS for each company.

Currently, only SNCB/NMBS-Holding prepares its separate financial statements fully in accordance with IFRS, whereas the other companies of the Group continue to prepare their separate financial statements according to Belgian generally accepted accounting principles and subsequently provide the information necessary for the preparation of the consolidated financial statements under IFRS.

For their consolidated financial statements, groups can opt for the exclusive use of IFRS, the option which has been chosen by the SNCB/NMBS Group.

2011 was the year in which the financial statements of the SNCB/NMBS Group were prepared for the first time under IFRS. This involves restating the previous year's figures in line with these standards to make them comparable. The opening balance sheet as at 1 January 2010 was therefore restated, as well as the figures for the financial year 2010. This explains why the figures published in 2010 do not correspond to those quoted in the present report for the previous year.

Details of the changes made to the 2010 figures are given in note 4 of the financial statements.

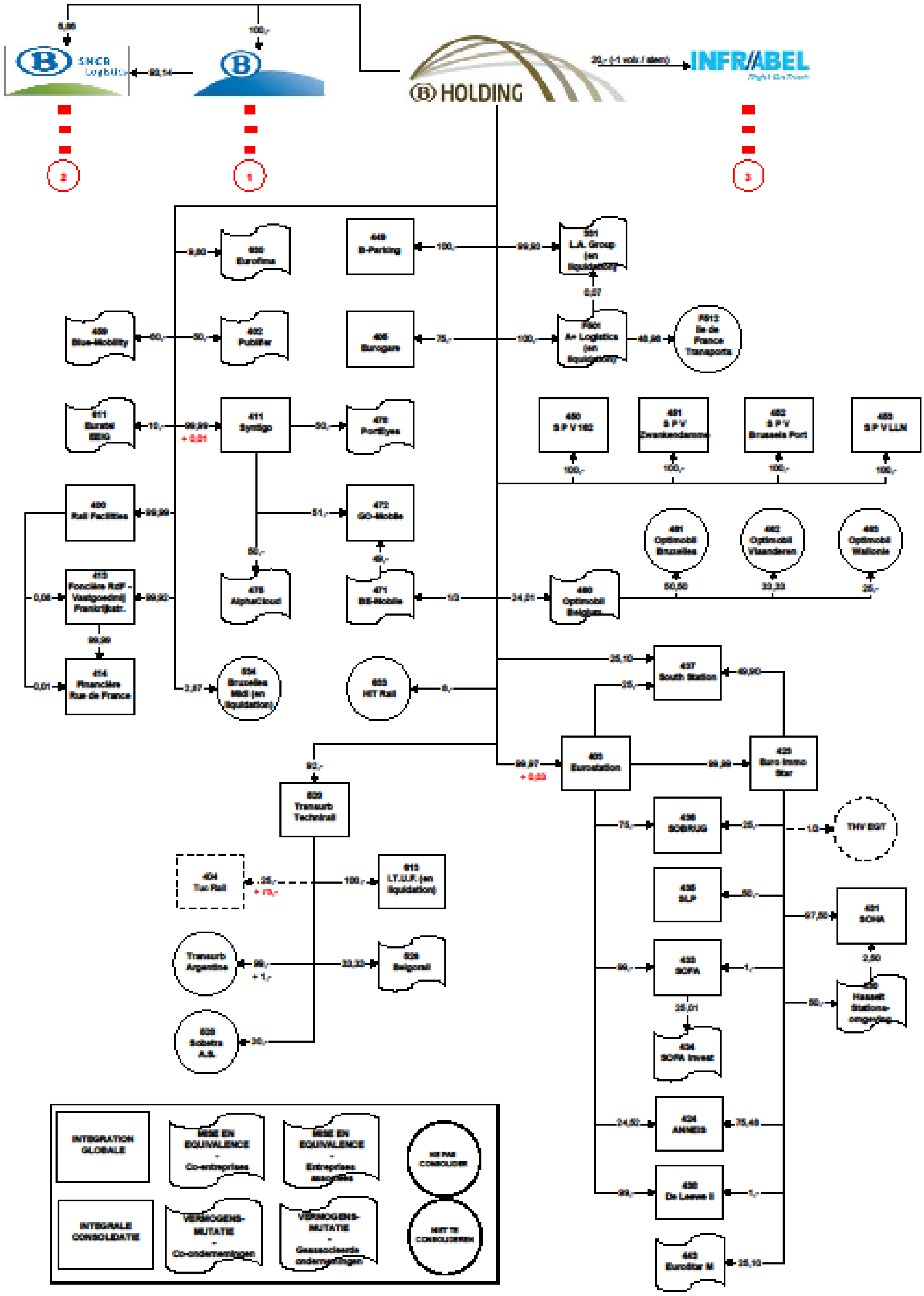
## 2. Consolidation scope

### 2.1. SNCB/NMBS Group organisation chart as at 31 December 2011

The SNCB/NMBS Group organisation chart as at 31 December 2011 is presented on the following pages, showing the different subsidiaries and the division to which they relate (SNCB/NMBS-Holding, Infrabel, SNCB/NMBS and SNCB/NMBS Logistics).

**Situation 31 décembre 2011 - Toestand 31 december 2011**

(Pourcentage de détention & méthode de consolidation sur base des informations en notre possession)
(Houderschapspercentage & consolidatiemethode op basis van de informatie in ons bezit)

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**<u>Situation 31 décembre 2011 - Toestand 31 december 2011</u>**

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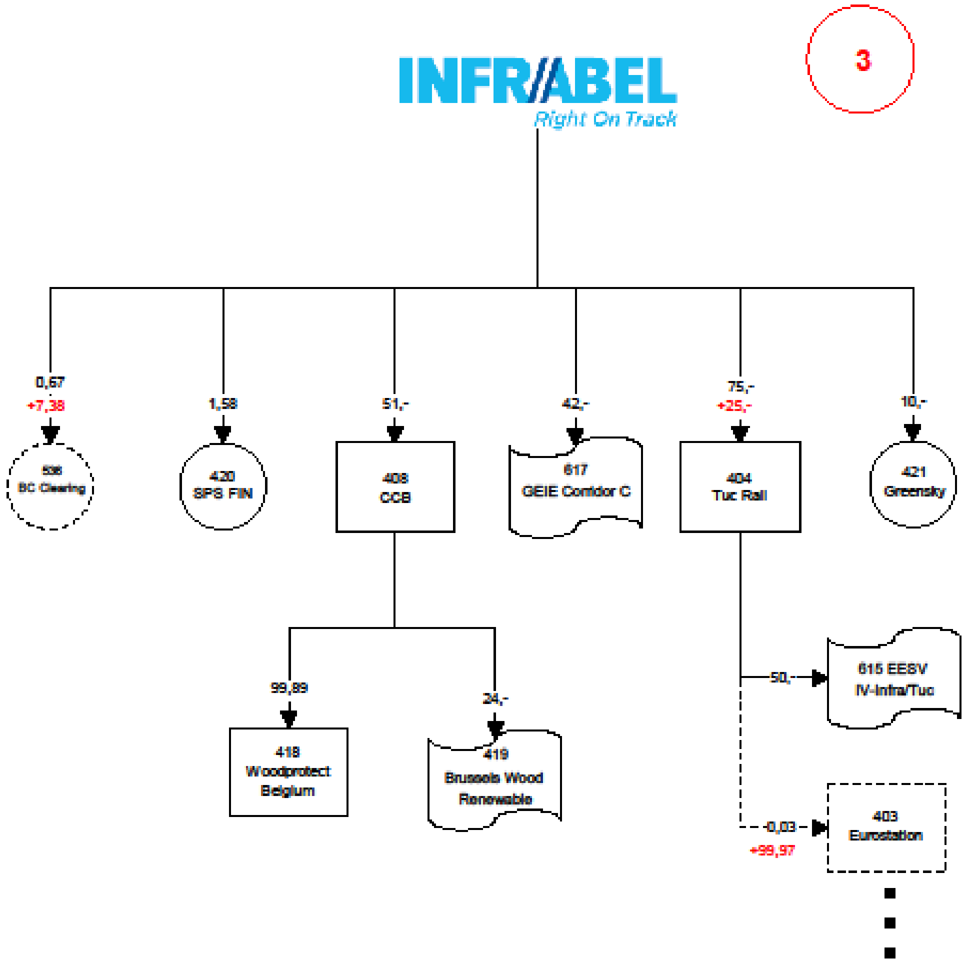


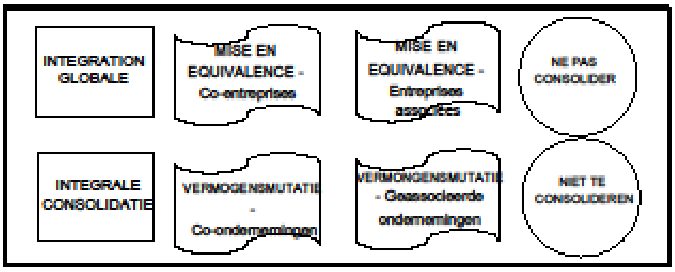

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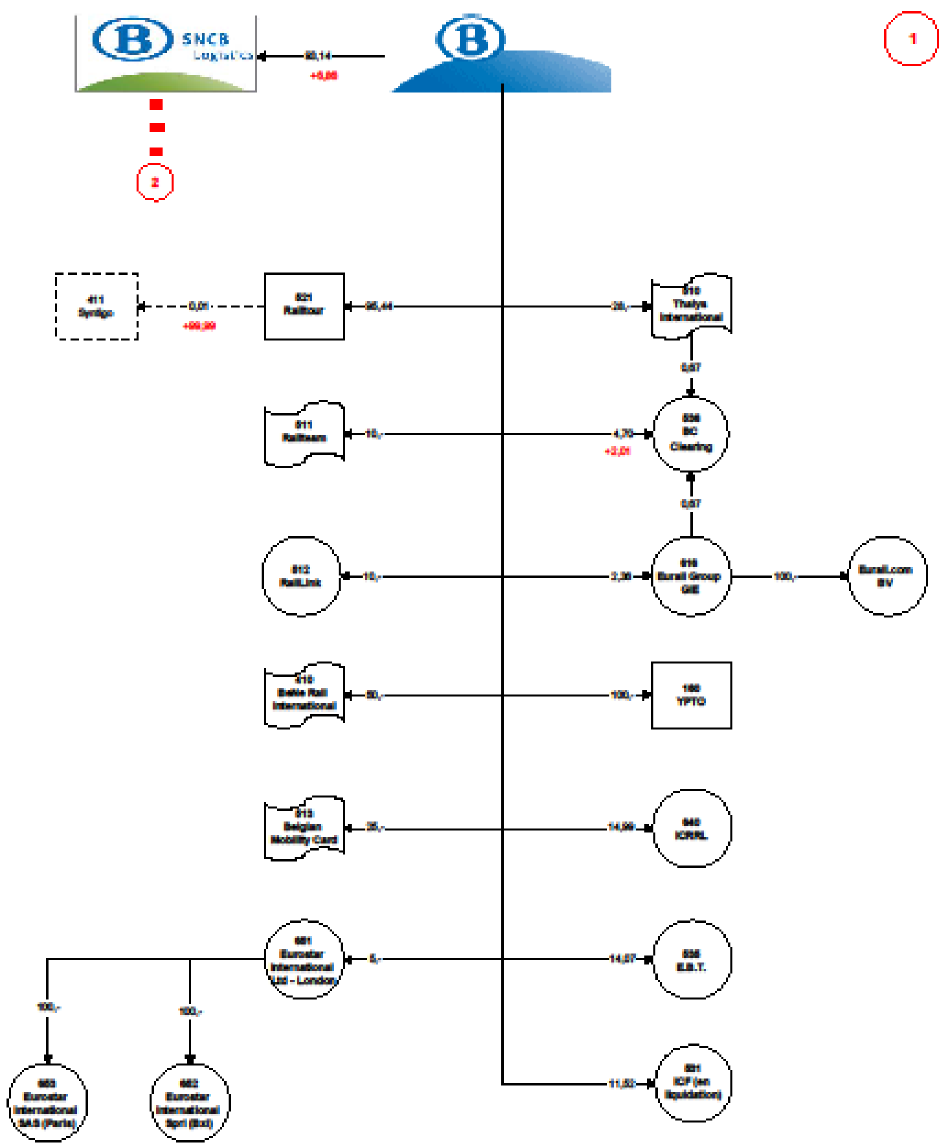



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**Situation 31 décembre 2011 - Toestand 31 december 2011**

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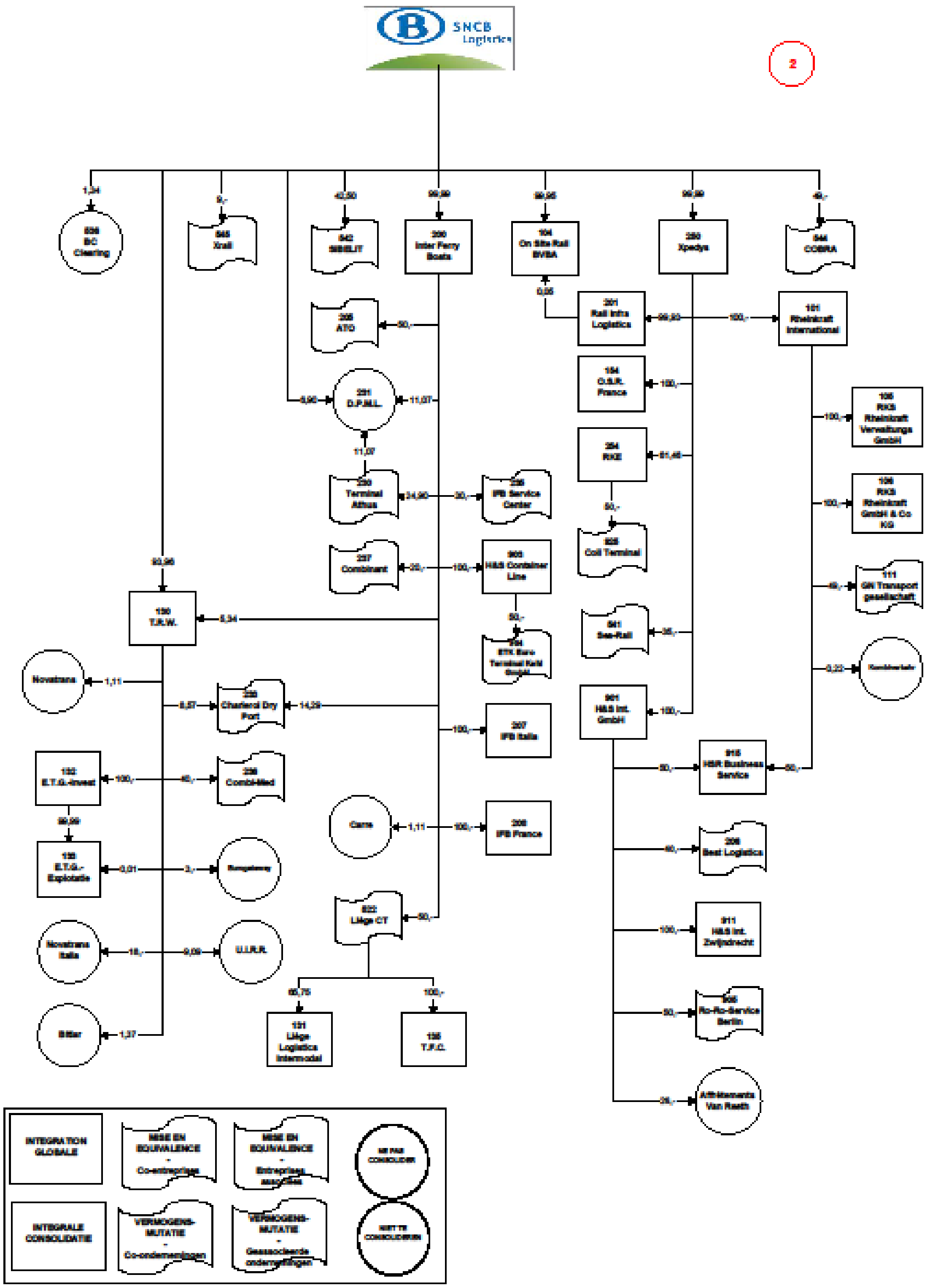

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## 2.2. Overview of changes

The consolidation scope encompasses all the companies that form the SNCB/NMBS Group and these are included in the consolidated financial statements according to the two techniques admitted under IFRS, depending on whether or not the Group has control over the company, namely full consolidation and equity method.

Particular reference should be made to the case of L.A. Group, in liquidation, which, as such, previously has been accounted for in the consolidated financial statements using the equity method. Given the fact that this company will be absorbed in 2012 by SNCB/NMBS-Holding, it was decided to fully consolidate it in the current consolidated accounts.

In addition, IFRS does not recognise the proportional consolidation method. The companies which were previously consolidated according to this method are now accounted for using the equity method. The companies most particularly concerned by this change are Be-Mobile, Publifer and Thalys International.

Details of the main changes occurring in 2011 in the organisation of the SNCB/NMBS Group are given below.

In addition, the following table summarises the changes applied to the consolidation methods during the financial year.

| Consolidation method | Full consolidation | Proportional consolidation | Equity method | Total |
|---|---|---|---|---|
| **2010 scope (BE-GAAP)** | **46** | **18** | **19** | **83** |
| **2010 scope (IFRS)** | **49** | | **35** | **84** |
| <u>Entered the scope</u> | | | | |
| De Leewe II | +1 | | | +1 |
| EuroStar M | | | +1 | +1 |
| <u>Left the scope</u> | | | | |
| Liège Logistics Intermodal | -1 | | | -1 |
| <u>Change of method</u> | | | | |
| Anneis | +1 | | -1 | 0 |
| Cobra | -1 | | +1 | 0 |
| **2011 scope (IFRS)** | **49** | | **36** | **85** |

## 2.3. On Site Rail (OSR)

At the end of December 2011, IFB sold 99.95% of the shares held in OSR to SNCB/NMBS Logistics, the balance remaining under the ownership of Rail Infra Logistics.

The transferred shares were valued by an independent external expert on the basis of the Discounted Cash Flow method.

The gain realised on this occasion, namely €2,888,390.07, has to be reversed in consolidation, because it was realised within the SNCB/NMBS Group.

### 2.4. Liège Logistics Intermodal (L.L.I.)

At the end of 2010, the Gustave Portier Industries Group and IFB conducted an increase in capital of their common subsidiary, Liège Container Terminal (former Terminal ECE), each by an amount of €790,000.

This strengthened the equity of Liège Container Terminal and enabled it to purchase shares held by IFB and TRW in Liège Logistics Intermodal (L.L.I.) as well as the business of forwarding agent for the "internal containers" branch of Eucotrans SA, which belongs to the Gustave Portier Industries Group.

More specifically, on 18 February 2011, Liège Container Terminal (formerly ECE) acquired 282 shares transferred by IFB, and 678 shares sold by TRW.

This took Liège Container Terminal outside the consolidation scope of the SNCB/NMBS Group, because it is held by a company which itself is accounted for simply by the equity method[1].

### 2.5. On Site Rail France (OSR France)

On 16 December 2011 IFB sold its entire shareholding in OSR France to Xpedys, for one token euro. The initial value of this shareholding was €300,000, but had been subject to an earlier impairment covering the difference with the transfer price.

In addition, OSR France carried out a capital increase of €3,500,000 by the conversion of a convertible loan previously subscribed by Xpedys, against issue of 35,000 new shares.

### 2.6. Anneïs

Anneïs was originally formed between Autonoom Gemeentebedrijf Stadsplanning and Euro Immo Star in 2008. On 24 October 2011, Euro Immo Star acquired all the shares, then has ceded 24.5% to Eurostation.

This resulted in Anneïs being fully controlled by the SNCB/NMBS Group, hereby entailing the application of the full consolidation method.

### 2.7. South Station

The entire capital of the company was acquired by Euro Immo Star in August 2010, with the perspective of managing the entire Brussels Midi commercial site.

[1] Liège Logistics Intermodal is held 65.75% by Liège Container Terminal, itself held 50% by IFB.

On 30 June 2011, Eurostation purchased 250 shares, namely 25% of the capital, and at the end of December 2011, SNCB/NMBS-Holding purchased 251 shares held by Euro Immo Star.

## 2.8. De Leewe II

On 5 September 2011, Eurostation purchased 100% of S.A De Leewe II for €2,544,281.10, then sold one share to Euro Immo Star.

The company was acquired in its capacity as owner of a parcel of land located on the edge of real estate development projects planned by Eurostation in Malines/Mechelen

## 2.9. EuroStar M

The participation as sub-contractor in studies for the construction of HST terminals in Moscow and Saint Petersburg led Eurostation to set up a subsidiary in Moscow on 10 November 2011.

## 2.10. Cobra

The shares representing 51% of the capital of Cobra held by SNCB/NMBS were contributed to SNCB/NMBS Logistics when the latter was formed on 1st February 2011.

Following the general shareholders meeting in June 2011, a transfer of shares representing 2% of the capital was made between SNCB/NMBS Logistics and DB Schenker Rail, bringing the respective shareholdings of each shareholder to 49% and 51%.

# 3. Consolidated accounts for 2011

## 3.1. Consolidation principles

a) Consortium

SNCB/NMBS-Holding and Infrabel together form a consortium in the sense of article 10 of the Companies Code. This special situation means that the consolidated financial statements have to be prepared encompassing the companies forming the consortium and their subsidiaries.

Each of the companies forming the consortium is regarded as a consolidating company in the sense of article 111 of the Companies Code. The equity items to be included in the consolidated financial statements are the aggregate amounts attributable to each of the companies forming the consortium, less the value of the shareholding held in Infrabel by SNCB/NMBS-Holding, and the dividend-right shares held by Financière Rue de France (considered as own shares and, under IFRS, deducted from the consolidated equity).

The capital of Infrabel was increased in 2011 by SNCB/NMBS-Holding by an amount of €13 million in connection with the completion of the HST works. In addition, SNCB/NMBS-Holding contributed investments to Infrabel which are made by SPV 162 in connection with the modernisation of the railway line Brussels-Luxembourg. In 2011, the value of the capital increase of Infrabel amounted to €43,817,098.63, the amount for which SNCB/NMBS-Holding received shares of Infrabel.

Pursuant to article 355 of the Law of 20 July 2006, these capital increases are subsequently transferred by Infrabel to the investment grants section.

b) Elimination of reciprocal services

Reciprocal income and expenses relating to transactions between companies included in the consolidation are eliminated from the consolidated income statement. These eliminations have no impact on the net result.

c) Consolidation restatements

Certain transactions that occurred during the financial year within the Group cannot simply be eliminated. They must rather be restated in consolidation, and may or may not have an impact on the consolidated income statement (reclassifications, elimination of intra-group profits, etc).

d) Consolidation differences

For each company included in the consolidation scope, the acquisition value of shares and interests held in another company is offset by the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The setoff is carried out for each subsidiary on the date of acquisition of the shares or interests or a date close to this.

A positive difference is included as an asset in the consolidated statement of financial position, as goodwill. This positive consolidation difference is not amortised, but is subject to annual impairment tests.

A negative difference is immediately included in the net result.

e) <u>Non-controlling interests</u>

The part of each subsidiary's equity included in the consolidation represented by shares or interests held by parties other than the companies included in the consolidation, is entered separately on the equity and liabilities side of the consolidated statement of financial position, within equity, under the section "Non-controlling interests".

The part of the consolidated subsidiaries' consolidated net result attributable to such third parties increases or decreases this section.

## 3.2. Consolidated statement of financial position

| € million | As at 31 December 2011 | 2010 | Δ € | Δ % |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | 1,700.7 | 1,635.3 | 65,4 | 4,0% |
| Property, plant and equipment | 18,602.5 | 17,611.5 | 991,0 | 5,6% |
| *A. Land* | *343.0* | *333.2* | *9,7* | *2,9%* |
| *B. Buildings* | *1,035.2* | *1,138.0* | *- 102,8* | *-9,0%* |
| *C. Railway infrastructure* | *7,739.0* | *7.692.3* | *46,7* | *0,6%* |
| *D. Railway rolling stock* | *3,273.8* | *3,225.0* | *48,8* | *1,5%* |
| *E. Plant and various equipment* | *530.7* | *491.6* | *39,1* | *8,0%* |
| *F. Tangible fixed assets under construction* | *5,680.9* | *4,731.4* | *949,5* | *20,1%* |
| Investment property | 80.3 | 69.1 | 11,2 | 16,2% |
| Interests under equity method | 116.8 | 115.0 | 1,8 | 1,6% |
| Trade and other receivables | 988.8 | 997.2 | - 8,5 | -0,8% |
| Derivatives | 300.5 | 311.5 | - 11,0 | -3,5% |
| Other financial assets | 1,624.0 | 1,670.8 | - 46,9 | -2,8% |
| Deferred tax assets | 159.9 | 124.7 | 35,2 | 28,2% |
| **Subtotal of non-current assets** | **23,573.5** | **22,535.2** | **1.038,4** | **4,6%** |
| **Current assets** | | | | |
| Inventories | 448.7 | 451.8 | - 3,2 | -0,7% |
| Trade and other receivables | 1,829.2 | 1,638.7 | 190,6 | 11,6% |
| Derivatives | 0.9 | 0.1 | 0,9 | N.S. |
| Other financial assets | 408.9 | 667.8 | - 258,9 | -38,8% |
| Current tax assets | 0.0 | 0.0 | - 0,0 | -99,8% |
| Cash and cash equivalents | 688.3 | 600.9 | 87,4 | 14,5% |
| **Subtotal of current assets** | **3,376.0** | **3,359.3** | **16,7** | **0,5%** |
| **Non-current assets held for sale** | | | | |
| Non-current assets held for sale | 4.4 | 27.2 | - 22,8 | -83,8% |
| **TOTAL ASSETS** | **26,954.0** | **25,921.7** | **1.032,3** | **4,0%** |

| € million | As at 31 December 2011 | As at 31 December 2010 | Δ € | Δ % |
|---|---|---|---|---|
| **Shareholders' equity** | | | | |
| Share capital | 2,191.8 | 2,191.8 | - | 0,0% |
| Share premium | 299.3 | 299.3 | - | 0,0% |
| Own shares (-) | - 1.799.4 | - 1,799.4 | - 0,0 | 0,0% |
| Consolidated reserves | - 721.4 | - 414.4 | - 307,0 | 74,1% |
| Total comprehensive income for the financial year | - 349.2 | - 307.0 | - 42,3 | 13,8% |
| **Group equity** | **- 378.9** | **- 29.6** | **- 349,3** | **N.S.** |
| Non-controlling interests | 7.2 | 6.2 | 1,0 | 16,4% |
| **Total equity** | **- 371,7** | **23,4** | **- 348,2** | **N.S.** |
| **Non-current liabilities** | | | | |
| Employee benefit obligations | 473.0 | 496.3 | - 23,3 | -4,7% |
| Provisions | 232.8 | 243.5 | - 10,7 | -4,4% |
| Financial liabilities | 4,590.9 | 4,339.4 | 251,4 | 5,8% |
| Derivatives | 397.4 | 269.3 | 128,2 | 47,6% |
| Deferred tax liabilities | 0.0 | 0.0 | - 0,0 | -53,8% |
| Trade and other payables | 47.8 | 20.0 | 27,8 | 139,2% |
| Grants | 17,289.2 | 16,256.6 | 1.032,6 | 6,4% |
| Other amounts payable | 281.6 | 349.4 | - 67,8 | -19,4% |
| **Subtotal of non-current liabilities** | **23,312.8** | **21,974.5** | **1.338,3** | **6,1%** |
| **Current liabilities** | | | | |
| Employee benefit obligations | 40.6 | 41.8 | - 1,3 | -3,0% |
| Provisions | 101.9 | 55.2 | 46,7 | 84,5% |
| Financial liabilities | 709.9 | 934.5 | - 224,5 | -24,0% |
| Derivatives | 25.2 | 35.7 | - 10,5 | -29,5% |
| Current tax payables | 2.2 | 1.0 | 1,1 | 110,7% |
| Trade and other payables | 1,044.2 | 808.0 | 236,2 | 29,2% |
| Social debts | 562.1 | 576.6 | - 14,4 | -2,5% |
| Grants | 605.8 | 571.2 | 34,6 | 6,1% |
| Other amounts payable | 921.0 | 946.7 | - 25,7 | -2,7% |
| **Subtotal of current liabilities** | **4,012.8** | **3,970.6** | **42,2** | **1,1%** |
| **Liabilities associated with non-current assets held for sale** | | | | |
| Liabilities associated with non-current assets held for sale | - | - | - | N.S. |
| **Total liabilities** | **27,325.60** | **25,945.1** | **1.380,5** | **5,3%** |
| **TOTAL EQUITY AND LIABILITIES** | **26,954.0** | **25,921.70** | **1.032,3** | **4,0%** |

The SNCB/NMBS Group's total consolidated assets represent an amount of €26,954.0 million.

The major part is represented by non-current assets (€23,573.5 million), more specifically property, plant and equipment amounting to €18,602.5 million. Quite logically, the most important assets in value included in the latter are investments in railway infrastructure (€7,739.0 million), railway rolling stock (€3,273.8 million) and tangible fixed assets under construction (€5,680.9 million).

Taking into account the depreciation recorded and the new acquisitions made, non-current assets changed only slightly compared to 2010 (+€1,038 million, including €991.0 million for property, plant and equipment alone).

Current assets represent €3,376.0 million compared to €3,359.3 million as at the end of 2010, an increase of €16.7 million. The most significant variation is the decrease in other financial assets (-€258.9 million) which is explained by the reimbursement of investments linked to cross-border arrangements and the Back-to-Back receivable from the State (-€247.7 million). But this decrease is more than offset by the increase in trade and other receivables (+€190.6 million) and cash and cash equivalents (+€87.4 million).

Finally, non-current assets held for sale decreased by €22.8 million, mainly due to the sale of the 'Kamgebouw' located in Bruges.

Consolidated equity is negative for an amount of -€371.7 million. This is due to the special situation of the consortium formed by SNCB/NMBS-Holding and Infrabel. In fact IFRS require that the shares held by SNCB/NMBS-Holding in Infrabel, and the dividend-right shares held by Financière Rue de France in SNCB/NMBS-Holding, should be deducted from equity. Previously, under Belgian generally accepted accounting principles, shares held by the Group in parent companies were classified as assets under own shares.

Compared to 2010, total consolidated equity decreased by €348.2 million, which corresponds to the total comprehensive income attributable to the shareholders and to non-controlling interests.

Non-current liabilities increased with €1,338.3 million, from €21,974.5 million to €23,312.8 million, mainly due to investment grants received (+€1,032.6 million), an increase that needs to be linked with the increase in property, plant and equipment.

Current liabilities remained overall fairly stable (€4,012.8 million compared to €3,970.6 million in 2010), the increase in trade and other payables (+€236.2 million) being offset by the decrease in current financial liabilities (-€224.5 million).

## 3.3. Consolidated statement of comprehensive income

| € million | 2011 | 2010 | Δ € | Δ % |
|---|---|---|---|---|
| **Recurring cash operating income** | | | | |
| Turnover | 1,863.0 | 1,872.2 | -9.2 | -0.5% |
| Operating grants | 1,386.1 | 1,348.7 | 19.3 | 1.4% |
| Internally generated fixed assets | 743.9 | 721.9 | 21.9 | 3.0% |
| Other operating income | 56.4 | 66.3 | -9.9 | -14.9% |
| **Total recurring cash operating income** | **4,031.4** | **4,009.2** | 22.2 | 0.6% |
| **Recurring cash operating expenses** | | | | |
| Purchase of raw materials and goods for resale | -242.9 | -213.6 | -29.3 | 13.7% |
| Services and other goods | -1,484.4 | -1,531.4 | 47.0 | -3.1% |
| Employee benefit expenses | -2,291.1 | -2,297.6 | 6.5 | -0.3% |
| Other operating expenses | -21.0 | -13.2 | -7.8 | 59.4% |
| **Total recurring cash operating expenses** | **-4,039.4** | **-4,055.8** | 16.4 | -0.4% |
| **Recurring cash EBITDA** | **-8.0** | **-46.6** | **38.6** | **-82.9%** |
| Non-recurring cash EBITDA | -10.1 | 62.8 | -72.9 | |
| Non-cash EBITDA | -36.2 | 7.2 | -43.5 | |
| **EBITDA** | **-54.3** | **23.4** | **-77.7** | |
| Depreciation and impairment | -860.2 | -808.0 | -52.2 | |
| Depreciation of investment grants | 704.6 | 600.7 | 103.8 | |
| **Operating result** | **-209.9** | **-183.9** | -26.0 | |
| Net financial result | -196.4 | -168.2 | -28.1 | |
| **EBT** | **-406.3** | **-352.1** | **-54.2** | |
| Share of net result of entities accounted for using th | 3.9 | 4.6 | -0.8 | |
| **Net result from continuing operations before tax** | **-402.4** | **-347.5** | **-5494.1%** | |
| Income taxes | 51.2 | 21.6 | 29.7 | |
| **Net result for the year** | **-351.2** | **-325.9** | **-25.3** | |
| *Attributable to the shareholders* | *-352.7* | *-326.1* | *-26.6* | |
| *Attributable to non-controlling interests* | *1.5* | *0.1* | *1.4* | |
| Total other comprehensive income for the year | 3.5 | 19.1 | -15.6 | |
| **TOTAL COMPREHENSIVE INCOME** | **-347.7** | **-306.8** | **-40.9** | |

The Group's consolidated turnover was virtually stable (-0.5%) in 2011 compared to the previous year: €1,863.0 million compared to €1,872.2 million the year before. Although domestic passenger traffic continued to grow, the Group lost the revenue from the Eurostar activity, which was taken over by a non-distinct non-consolidated legal entity.

The amount of operating grants increased with €19.3 million (+1.4%), to €1,368.1 million compared to €1,348.7 million in 2010.

Internally generated fixed assets, namely the value of investments made by internal Group production resources, was up by 3.0%, reaching €743.9 million by the end of 2011.

Operating expenses include a positive evolution in recurring cash services and other goods, which decreased with €47.0 million to €1,484.4 million.

The cash recurring employee benefit expenses stabilised at €2,291.1 million (-0.3%) as a result of staff turnover and the selective recruitment campaigns carried out over the last months.

Only purchases of raw materials and goods for resale have increased significantly with €29.3 million (+13.7%) inducing a charge for 2011 of €242.9 million.

Because of these various movements, the consolidated recurring cash EBITDA recovered from -€46.6 million in 2010 to -€8.0 million at the end of 2011.

Unfortunately the total consolidated EBITDA did not follow this positive evolution, showing a negative balance of -€54.3 million, due to either non-recurring or non-cash elements, in particular write-downs on stocks and impairment on receivables, as well as provisions for liabilities and charges.

After taking into account depreciation, impairment and depreciation of investment grants, the operating result (EBIT) has a negative balance of -€209.9 million, compared to -€183.9 million in 2010.

The net financial result is negative amounting to -€196.4 million, but due to the application of IFRS, it includes a large number of non-cash items: of this total amount, only €82.9 million represent an outflow of funds for the Group.

Although the result for 2011 shows a negative amount of -€347.7 million, it should not be overlooked that a very substantial part thereof (-€299.2 million) relates to non-cash items.

2

CONSOLIDATED ACCOUNTS
OF THE SNCB GROUP **2011**

# ANNUAL ACCOUNTS

# GENERAL INFORMATION

## Consortium SNCB Holding - Infrabel

SNCB Holding and Infrabel constitute a consortium in accordance with the article 10 of the Company code. The SNCB Holding and Infrabel and all their subsidiaries form the scope of consolidation of the SNCB Group.

## Activities

Amongst the 49 companies included in the consolidation, four companies alone represent 99,57% of the total assets and 95,15% of the consolidated net income:

- SNCB Holding (parent company), 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 (parent company), 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/NMBS 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.

Financial statements

The consolidated financial statements as at 31 December 2011, prepared according to IFRS standards, have been approved by the Management Board of SNCB Holding on 13 June 2012 and by the Management Board of Infrabel on 15 June 2012. They have been submitted for approval to the General Assembly of SNCB Holding on 29 June 2012 and to the General Assembly of Infrabel on 29 June 2012. All figures are expressed in euros (EUR), except if specifically indicated.

## 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 |

## 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

# I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Assets

| | Note | 1 January 2010 | 31 December 2010 | 31 December 2011 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | 6 | 1.554.535.803,22 | 1.635.283.290,80 | 1.700.711.428,20 |
| Property, plant and equipment | 7 | 16.641.214.239,02 | 17.611.453.634,24 | 18.602.480.463,96 |
| *A. Land* | | 293.431.024,60 | 333.241.300,34 | 342.965.446,42 |
| *B. Buildings* | | 1.190.447.861,11 | 1.137.952.520,65 | 1.035.150.012,73 |
| *C. Railway infrastructure* | | 7.423.786.547,61 | 7.692.324.341,12 | 7.738.976.750,30 |
| *D. Railway rolling stock* | | 3.135.695.696,28 | 3.224.966.589,88 | 3.273.785.167,86 |
| *E. Plant and various equipment* | | 557.410.055,27 | 491.609.057,98 | 530.724.774,08 |
| *F. Tangible fixed assets under construction* | | 4.040.443.054,15 | 4.731.359.824,27 | 5.680.878.312,57 |
| Investment property | 8 | 74.750.909,61 | 69.135.262,71 | 80.341.845,92 |
| Interests under equity method | 9 | 90.685.804,60 | 114.951.655,73 | 116.780.847,42 |
| Trade and other receivables | 10 | 1.015.701.989,00 | 997.240.651,03 | 988.770.311,83 |
| Derivatives | 12 | 394.814.434,25 | 311.545.711,82 | 300.544.905,85 |
| Other financial assets | 13 | 1.741.274.135,38 | 1.670.832.946,33 | 1.623.965.482,00 |
| Deferred tax assets | 23 | 101.639.086,00 | 124.717.730,36 | 159.934.494,72 |
| **Subtotal of non-current assets** | | **21.614.616.401,08** | **22.535.160.883,02** | **23.573.529.779,90** |
| **Current assets** | | | | |
| Inventories | 14 | 412.404.252,81 | 451.849.476,23 | 448.673.300,15 |
| Trade and other receivables | 10 | 1.497.419.779,34 | 1.638.667.951,94 | 1.829.247.667,15 |
| Derivatives | 12 | 70.229.855,07 | 51.161,69 | 914.373,59 |
| Other financial assets | 13 | 850.525.579,51 | 667.798.121,15 | 408.876.414,53 |
| Current tax assets | | 2.849,36 | 2.249,86 | 5,00 |
| Cash and cash equivalents | 15 | 344.097.563,85 | 600.947.030,26 | 688.311.934,08 |
| **Subtotal of current assets** | | **3.174.679.879,94** | **3.359.315.991,13** | **3.376.023.694,50** |
| **Non-current assets held for sale** | | | | |
| Non-current assets held for sale | 16 | 244.920,30 | 27.197.834,83 | 4.398.273,64 |
| **TOTAL ASSETS** | | **24.789.541.201,32** | **25.921.674.708,98** | **26.953.951.748,04** |

*Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31 December 2011*

# Equity and liabilities

| | Notes | 1 January 2010 | 31 December 2010 | 31 December 2011 |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 18 | 2.191.840.429,39 | 2.191.840.429,39 | 2.191.840.429,39 |
| Share premium | 18 | 299.317.752,80 | 299.317.752,80 | 299.317.752,80 |
| Own shares (-) | 18 | - 1.799.414.255,46 | - 1.799.441.535,33 | - 1.799.444.943,39 |
| Consolidated reserves | 19 | - 414.540.605,27 | - 414.391.797,55 | - 721.360.578,00 |
| Total comprehensive income for the financial year | | - | - 306.953.336,27 | - 349.233.404,25 |
| **Group equity** | | **277.203.321,46** | **- 29.628.486,96** | **- 378.880.743,45** |
| Non-controlling interests | | 6.508.641,21 | 6.190.258,24 | 7.203.833,13 |
| **Total equity** | | **283.711.962,67** | **- 23.438.228,72** | **- 371.676.910,32** |
| **Non-current liabilities** | | | | |
| Employee benefit obligations | 20 | 488.203.806,36 | 496.323.446,94 | 473.035.590,89 |
| Provisions | 21 | 251.865.356,96 | 243.516.930,85 | 232.838.208,50 |
| Financial liabilities | 22 | 4.304.094.852,67 | 4.339.404.256,11 | 4.590.853.502,20 |
| Derivatives | 12 | 236.148.408,09 | 269.290.442,86 | 397.441.518,14 |
| Deferred tax liabilities | 23 | 5.018.940,63 | 17.132,90 | 7.918,65 |
| Trade and other payables | 24 | 12.239.929,20 | 20.000.000,00 | 47.839.968,39 |
| Grants | 26 | 15.249.227.916,16 | 16.256.572.060,61 | 17.289.218.021,87 |
| Other amounts payable | 27 | 629.004.802,29 | 349.368.163,18 | 281.580.314,79 |
| **Subtotal of non-current liabilities** | | **21.175.804.012,36** | **21.974.492.433,45** | **23.312.815.043,43** |
| **Current liabilities** | | | | |
| Employee benefit obligations | 20 | 39.525.751,01 | 41.829.784,80 | 40.574.025,25 |
| Provisions | 21 | 49.209.831,31 | 55.225.566,05 | 101.887.011,53 |
| Financial liabilities | 22 | 685.300.488,48 | 934.455.216,24 | 709.931.529,40 |
| Derivatives | 12 | 13.804.476,31 | 35.660.929,24 | 25.157.468,41 |
| Current tax payables | | 857.647,86 | 1.034.424,82 | 2.180.035,88 |
| Trade and other payables | 24 | 727.568.578,42 | 807.954.684,34 | 1.044.195.695,42 |
| Social debts | 25 | 460.697.723,76 | 576.557.284,66 | 562.138.895,09 |
| Grants | 26 | 650.156.454,00 | 571.182.713,35 | 605.763.175,85 |
| Other amounts payable | 27 | 702.904.275,14 | 946.719.900,75 | 920.985.778,10 |
| **Subtotal of current liabilities** | | **3.330.025.226,29** | **3.970.620.504,25** | **4.012.813.614,93** |
| **Liabilities associated with non-current assets held for sale** | | | | |
| Liabilities associated with non-current assets held for sale | | - | - | - |
| **Total liabilities** | | 24.505.829.238,65 | 25.945.112.937,70 | 27.325.628.658,36 |
| **TOTAL EQUITY AND LIABILITIES** | | **24.789.541.201,32** | **25.921.674.708,98** | **26.953.951.748,04** |

*Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31 December 2011*

# II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2010 | 2011 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Operating income before investment grants** | | | |
| Turnover | 28 | 1.872.188.464,20 | 1.863.005.798,78 |
| Operating grants | 26 | 1.348.745.533,26 | 1.368.091.198,31 |
| Internally generated fixed assets | | 721.911.529,65 | 743.851.938,57 |
| Other operating income | 28 | 154.744.475,06 | 109.582.924,00 |
| **Total of the operating income before investment grants** | | **4.097.590.002,17** | **4.084.531.859,66** |
| **Operating expenses before depreciation and impairment** | | | |
| Purchase of raw materials and goods for resale | | - 213.558.446,50 | - 242.889.279,32 |
| Services and other goods | 28 | - 1.528.705.077,93 | - 1.520.513.414,09 |
| Employee benefit expenses | 29 | - 2.323.097.501,40 | - 2.291.403.650,76 |
| Other operating expenses | 28 | - 8.826.775,77 | - 84.353.027,73 |
| **Total of the operating expenses before depreciation and impairment** | | **- 4.074.187.801,60** | **- 4.139.159.371,90** |
| **Operating result before investment grants, depreciation and impairment** | | **23.402.200,57** | **- 54.627.512,24** |
| Investment grants | 26 | **600.726.230,55** | **704.554.604,75** |
| Depreciation and impairment | | - 808.017.105,48 | - 860.194.223,26 |
| **Operating result** | | **- 183.888.674,36** | **- 210.267.130,75** |
| Financial income | 30 | 285.442.842,13 | 309.125.328,43 |
| Financial expenses | 30 | - 453.667.528,97 | - 505.159.652,39 |
| **Net financial result** | | **- 168.224.686,84** | **- 196.034.323,96** |
| **Share of net result of entities accounted for using the equity method** | 9 | 4.620.047,76 | 3.866.661,51 |
| **Net result from continuing operations before tax** | | - 347.493.313,44 | - 402.434.793,20 |
| Income taxes | 31 | 21.560.651,57 | 51.244.329,37 |
| **Net result from continuing operations** | | - 325.932.661,87 | - 351.190.463,83 |
| **DISCONTINUED OPERATIONS** | | | |
| Net result for the year from discontinued operations | 17 | - | - |
| **NET RESULT FOR THE YEAR** | | - 325.932.661,87 | - 351.190.463,83 |
| **Other comprehensive income for the year :** | | | |
| **That will not be reclassified subsequently to profit or loss** | | | |
| Actuarial differences on post-employment benefits | 20 | 3.975.692,60 | 21.978.264,86 |
| Share of other comprehensive income of entities accounted for using the equity method | 9 | - | - |
| Tax relating to other comprehensive income | 31 | 1.017.036,20 | - 20.948.914,40 |
| **Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss** | | **4.992.728,80** | **1.029.350,46** |
| **That will be reclassified subsequently to profit or loss when specific conditions are met** | | | |
| Translation differences | | 14.492.236,35 | 2.450.593,58 |
| Available-for-sale financial assets | | - | - |
| Share of other comprehensive income of entities accounted for using the equity method | 9 | - 359.752,51 | - 3.221,63 |
| Tax relating to other comprehensive income | 31 | - | - |
| **Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met** | | **14.132.483,84** | **2.447.371,95** |
| **Total other comprehensive income for the year** | | **19.125.212,64** | **3.476.722,41** |
| **TOTAL COMPREHENSIVE INCOME** | | **- 306.807.449,23** | **- 347.713.741,42** |

*Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31 December 2011*

| | | |
|---|---|---|
| **Net result for the year** | | |
| Attributable to the shareholders | - 326.078.581,78 | - 352.710.221,99 |
| Attributable to non-controlling interests | 145.919,91 | 1.519.758,56 |
| | **- 325.932.661,87** | **- 351.190.463,43** |
| **Total comprehensive income** | | |
| Attributable to the shareholders | - 306.953.336,28 | - 349.233.404,24 |
| Attributable to non-controlling interests | 145.887,05 | 1.519.662,82 |
| | **- 306.807.449,23** | **- 347.713.741,42** |

# III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | Attributable to the shareholders | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share Capital | Share premium | Own shares | Consolidated reserves | Total | Non-controlling interests | Total equity |
| **2010** | | | | | | | | |
| **At 1 January 2010** | | 2.191.840.429,39 | 299.317.752,80 | - 1.799.414.255,46 | - 414.540.605,27 | 277.203.321,46 | 6.508.641,21 | 283.711.962,67 |
| Net Result 2010 | | - | - | - | - 326.078.581,78 | - 326.078.581,78 | 145.919,91 | - 325.932.661,87 |
| Other comprehensive income 2010: | | - | - | - | 19.125.245,50 | 19.125.245,50 | - 32,86 | 19.125.212,64 |
| Dividend paid to shareholders | | - | - | - | - | - | - | - |
| Dividend paid to non-controlling interests | | - | - | - | - | - | - 39,00 | - 39,00 |
| Own shares acquired | | - | - | - 27.279,87 | - | - 27.279,87 | - | - 27.279,87 |
| Own shares ceded | | - | - | - | - | - | - | - |
| Change in the consolidation | | - | - | - | 148.807,73 | 148.807,73 | - 464.231,02 | - 315.423,29 |
| Other change in equity | | - | - | - | - | - | - | - |
| Share premium | | - | - | - | - | - | - | - |
| **At 31 December 2010** | 18 | **2.191.840.429,39** | **299.317.752,80** | **- 1.799.441.535,33** | **- 721.345.133,82** | **- 29.628.486,96** | **6.190.258,24** | **- 23.438.228,72** |
| **2011** | | | | | | | | |
| **At 1 January 2011** | | 2.191.840.429,39 | 299.317.752,80 | - 1.799.441.535,33 | - 721.345.133,82 | - 29.628.486,96 | 6.190.258,24 | - 23.438.228,72 |
| Net result 2011 | | - | - | - | - 352.710.221,99 | - 352.710.221,99 | 1.519.758,56 | - 351.190.463,43 |
| Other comprehensive income 2011: | | - | - | - | 3.476.817,75 | 3.476.817,75 | - 95,34 | 3.476.722,41 |
| Dividend paid to shareholders | | - | - | - | - | - | - | - |
| Dividend paid to non-controlling interests | | - | - | - | - | - | - 19.113,83 | - 19.113,83 |
| Own shares acquired | | - | - | - 3.408,06 | - | - 3.408,06 | - | - 3.408,06 |
| Own shares ceded | | - | - | - | - | - | - | - |
| Change in the consolidation | | - | - | - | - 3.197,18 | - 3.197,18 | - 485.435,00 | - 488.632,18 |
| Other change in equity | | - | - | - | - 12.247,01 | - 12.247,01 | - 1.539,50 | - 13.786,51 |
| Share premium | | - | - | - | - | - | - | - |
| **At 31 December 2011** | 18 | **2.191.840.429,39** | **299.317.752,80** | **- 1.799.444.943,39** | **- 1.070.593.982,25** | **- 378.880.743,45** | **7.203.833,13** | **- 371.676.910,32** |

*Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31 December 2011*

# IV. CONSOLIDATED STATEMENT OF CASH FLOWS

| | 2010 | 2011 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Net result for the year** | **- 325.932.661,87** | **- 351.190.463,83** |
| Adjustments for: | | |
| Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale | 808.017.105,48 | 860.194.223,26 |
| Write-down on inventories, impairment losses on trade debtors and other amounts receivable | - 11.755.488,11 | 50.629.003,90 |
| Changes in fair value of financial derivatives | 103.681.720,21 | 76.894.101,86 |
| Changes in fair value of and impairment losses on other financial assets and financial liabilities | 20.553.774,54 | 16.176.101,26 |
| (Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale | - 42.136.766,50 | - 15.295.387,35 |
| Fees on cross-border arrangements recognised in net result | - 21.316.866,97 | - 20.162.594,41 |
| Provisions | - 2.332.691,37 | 35.982.723,13 |
| Employee benefits | 10.094.920,12 | - 2.565.350,74 |
| Investment grants recognised in net result | - 603.885.403,37 | - 707.732.905,19 |
| Net of interest income and expenses | 116.554.923,74 | 115.119.905,10 |
| Share of net result of entities accounted for using the equity method | - 4.620.047,77 | - 3.866.661,51 |
| Income taxes | - 21.560.651,57 | - 51.244.329,37 |
| Translation differences | - 9.855.263,69 | - 557.208,48 |
| **Gross cash from operating activities** | **15.506.602,87** | **2.381.157,63** |
| **Change in net working capital:** | | |
| Inventories | - 14.608.036,12 | - 22.322.986,93 |
| Trade and other receivables | - 17.472.241,34 | - 266.516.639,41 |
| Trade and other payables, and social debts | 189.501.591,09 | 151.709.236,13 |
| **Cash generated from operations** | **157.421.313,63** | **- 137.130.390,21** |
| Tax paid | - 5.325.387,86 | - 3.782.707,72 |
| **NET CASH FROM OPERATING ACTIVITIES** | **167.602.528,64** | **- 138.531.940,30** |

*Notes from 1 to 38 are part of the IFRS consolidated financial statements as at 31 December 2011*

| | 2010 | 2011 |
|---|---|---|
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment, intangible assets and investment property | - 1.976.420.077,58 | - 2.022.037.099,26 |
| Acquisition of financial assets | - 242.272.417,78 | - 67.004.922,83 |
| Acquisition of subsidiaries, net | - | 15.746,44 |
| Investment grants received | 1.414.883.120,47 | 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 | 135.272.811,62 | 132.783.263,05 |
| Proceeds from disposal of other financial assets | 522.035.057,89 | 436.293.309,92 |
| Interest received | 96.887.093,71 | 102.417.607,85 |
| Dividends received | 744.746,50 | 1.231.314,01 |
| **NET CASH FROM INVESTING ACTIVITIES** | **- 48.869.665,17** | **445.271.125,23** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Increase / (decrease) of financial liabilities | 594.580.181,77 | 763.185.443,43 |
| Redemption of financial liabilities (including financial lease liabilities) | - 372.411.006,36 | - 824.602.335,95 |
| Redemption/payments of financial derivatives | 120.623.241,88 | 54.234.358,78 |
| Own shares purchased | - 27.279,87 | - 3.408,06 |
| Interest paid | - 203.922.452,85 | - 216.168.776,47 |
| Dividends paid | - 39,00 | - 19.113,83 |
| **NET CASH FROM FINANCING ACTIVITIES** | **138.842.645,57** | **- 223.373.832,10** |
| **(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS** | **257.575.509,04** | **83.365.352,83** |
| **CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR** | **343.368.694,29** | **600.944.203,33** |
| Translation differences | | |
| **CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR** | **600.944.203,33** | **684.309.556,16** |

# V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# Note 1 – Summary of the main valuation rules

## 1.1 Basis of preparation and statement of compliance with IFRS

The consolidated financial statements of the Consortium 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).

Up till 31 December 2010, the consolidated financial statements of the Consortium 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) have been restated in accordance with IFRS 1 "First-time adoption of IFRS".

The impact of the transition to IFRS on equity at 1 January 2010, total comprehensive income for 2010 and equity at 31 December 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 Consortium 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 isssued by the IASB but which are not effective yet at the reporting date for which the Consortium 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 Consortium 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 ;
- setting at zero the cumulative amounts of translation differences that existed at the date of transition to IFRS;
- 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 Consortium has decided not to apply IFRS 3R retrospectively to business combinations that occurred before 1 January 2010 (transition date). This implies that assets and liabilities that were acquired or assumed in a past business combination and have been recognised in the consolidated statement of financial position of the Consortium according to the Belgian accounting rules, are included in the IFRS opening statement of financial position with the exception of assets or liabilities that do not qualify for recognition under IFRS. The resulting changes are recorded in retained earnings except in the case of an asset recognised under Belgian accounting rules as an intangible asset that does not qualify for recognition as an asset under IAS 38 Intangible Assets. In this case, the asset and the related deferred tax, if any, and any non-controlling interests are reclassified to goodwill. The carrying amount under Belgian accounting rules for assets acquired and liabilities assumed in a business combination that occurred before 1 January 2010 constitues their deemed cost which has been used as the basis for depreciation as from the date of the business combination. If for certain assets and liabilities IFRS requires measurement at fair value, assets and liabilities are measured at fair value in the IFRS opening statement of financial position. Any resulting change in the carrying amount is recognised as an adjustment to retained earnings.

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 Consortium is a consortium of two parent companies: SNCB Holding and Infrabel. Both parent companies are filing consolidated financial statements of the Consortium that include the financial statements of both parent companies and the subsidiaries over which they exercise control.

### *1.2.1 Subsidiaries*

The assets, liabilities, rights and obligations, income and expenditure of the two consolidated entities and the subsidiaries over which they exercise control are included in the consolidated financial statements according to the full consolidation method. Control is the power to manage the financial and operational policies of an entity so as to derive

benefits from its operations. This control is deemed to exist where the Consortium holds more than half of the voting rights, but this presumption can be rebutted if there is material evidence to the contrary (for the 2010 and 2011 accounts, no rebutment has been applied). In determining whether or not there is control, account is taken of whether there exist potential voting rights that can be exercised or that are immediately convertible.
A subsidiary is consolidated from the take-over date, i.e. the date on which control is transferred to the receiving party. From that time, the parent company (the receiving party) includes the total comprehensive income of the subsidiary in the total consolidated comprehensive income and includes the assets, liabilities and contingent liabilities acquired at fair value, including any goodwill resulting from the take-over, in the consolidated statement of financial position. A subsidiary ceases to be consolidated from the time at which the Consortium ceases to hold control.

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

For consolidation purposes, intra-group balances and transactions require to be fully eliminated. Non-realised intra-group profits and losses are adjusted.

The consolidated financial statements are prepared using uniform accounting principles for transactions and other, similar events within the Consortium.

### *1.2.2 Jointly controlled entities and associates*

Entities over which the Consortium exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, as well as associate holdings over which the Consortium exercises significant influence without exercising control, are included according to the equity method.

### *1.2.3 Goodwill and negative consolidation differences*

In the event that an entity is taken over, the difference on the take-over date between the cost of the interest and the fair value of the identifiable acquired assets, liabilities and contingent liabilities is recorded as goodwill under assets (where the difference is positive) or immediately recorded in the net result (where the difference is negative).

Goodwill is not depreciated but is subject to an annual impairment test.

### *1.2.4 Conversion of the financial statements of subsidiaries prepared in a foreign currency*

All monetary and non-monetary assets and liabilities are converted in the consolidated financial statements using the closing rate method. Income and expenditure are converted using the average rate over the period under consideration.

### *1.2.5 Non-controlling interests*

Non-controlling interests are reported as part of equity of the consolidated group, recorded separately from the parent's interests, and clearly identified and labelled (e.g. non-controlling interests in subsidiaries) to distinguish them from other components of equity.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

## 1.3 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the operating currency of the entity, using the exchange rate at the time of the transaction. 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 Consortium;
- the Consortium 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 Consortium 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;
- that **are acquired as part of a business combination** is the fair value on the date of the acquisition.

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 Consortium, 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 |
| Goodwill | N/A, annual impairment test |

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 Consortium;
- the initial estimate of the costs of dismantling and removing the asset or restoring the site on which it is located (obligation that the Consortium 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 Consortium 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, plaint 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 Consortium, 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 Consortium is the lessee*

A lease contract is recorded as a finance lease if the Consortium acquires virtually all the risks and rewards incidental to ownership of the asset. The Consortium 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 Consortium 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 Consortium, 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 Consortium’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 under equity method**

Entities over which the Consortium exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, and associate entities, over which the Consortium exercises significant influence without exercising control are accounted for according to the equity method.

Impairment on interests under equity method are recorded when the carrying value is greater than the recoverable amount. Interests under equity method are subject to an impairment test as an individual asset (including the goodwill paid to acquire this interest) where there is an objective ground to believe the interest has suffered an impairment loss.

## 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 Consortium 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).

If goodwill is allocated to a CGU, an annual impairment test needs to be done, and also where there are grounds to believe there has been an impairment loss. In the event that no goodwill is allocated to the CGU, an impairment test only needs to be done if there are grounds to believe there has been an impairment loss. Goodwill acquired as part of a business combination is allocated to the acquired subsidiaries and, as the case may be, to the CGUs that are expected to draw a benefit from the synergies resulting from the business combination.

When an impairment loss is established, it is first allocated to the goodwill. Any surplus must then be allocated to the other 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. An impairment loss against goodwill may in no event be reversed in a subsequent period. Impairment losses against property, plant and equipment are reversed 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 Consortium 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 Consortium 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 Consortium 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 Consortium 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 Consortium 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 Consortium 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 two parent companies (SNCB Holding or Infrabel) held by one or several entities within the scope of the consolidation.

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 Consortium 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 Consortium must bear the costs resulting from the service rendered by the staff members. This can result from Law, a contract, or "vested rigthts" 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 Consortium'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 Consortium has opted to fully recognise actuarial gains and losses relative to post-emplyment 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 Consortium'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 Consortium 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 Consortium 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 Consortium has a legal or constructive obligation.

If the Consortium has an onerous contract, a provision has to be accounted for. Before a provision for onerous contract is accounted for, the Consortium 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 Consortium 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:

1. the initial recognition of goodwill that is not tax deductible,
2. the initial recognition of assets and liabilities (except for acquisitions of subsidiaries) that have no effect on the accounting profit or taxable profit; and
3. temporary differences related to interests in subsidiaries and joint ventures in so far as it is not probable that dividends will be distributed in the future.

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 Consortium 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 Consortium 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 Consortium 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 Consortium 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 Consortium'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 Consortium 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 Consortium keeps a close track on its net debt level.

The Consortium 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.

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

| | EUR |
|---|---|
| Total net debt at 31 December 2011 | 2.959.136.775,52 |
| Total net debt at 31 December 2010 | 2.939.157.716,01 |
| **Change in net debt** | 19.979.059,51 |

## 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 Consortium 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 Consortium 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.
- Finance and operating 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 Consortium 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 Consortium 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 1 EUR 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 Consortium 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 Consortium is not exposed to currency risk.

## a. Financial instruments by currency

| | | | 31/12/2010 | | |
|---|---|---|---|---|---|
| | **EUR** | **USD** | **JPY** | **Other** | **Total** |
| **Financial assets** | | | | | |
| Trade and other reveivables | 2.395.795.379,75 | 255,27 | - | 290,49 | 2.395.795.925,51 |
| Derivatives | 63.233.813,97 | 259.103.507,61 | - 10.740.448,07 | - | 311.596.873,51 |
| Other financial assets | 1.337.954.035,02 | 967.079.011,49 | 33.598.020,97 | - | 2.338.631.067,48 |
| Cash and cash equivalents | 600.752.834,11 | 186.996,12 | 43,00 | 7.157,03 | 600.947.030,26 |
| **Total financial assets** | **4.397.736.062,85** | **1.226.369.770,49** | **22.857.615,90** | **7.447,52** | **5.646.970.896,76** |
| **Financial liabilities** | | | | | |
| Financial liabilities | 3.767.297.507,03 | 1.506.405.267,73 | - | 156.697,59 | 5.273.859.472,35 |
| Derivatives | 526.334.705,14 | - 245.619.345,20 | 24.236.012,16 | - | 304.951.372,10 |
| Trade and other payables | 807.754.718,46 | 14.004,47 | - | 185.961,41 | 807.954.684,34 |
| Other amounts payable | 873.164.895,21 | 78.819,02 | - | - | 873.243.714,23 |
| **Total financial liabilities** | **5.974.551.825,84** | **1.260.878.746,02** | **24.236.012,16** | **342.659,00** | **7.260.009.243,02** |
| **Net exposure** | **- 1.576.815.762,99** | **- 34.508.975,53** | **- 1.378.396,26** | **- 335.211,48** | **- 1.613.038.346,26** |

| | 31/12/2011 | | | | |
|---|---|---|---|---|---|
| | EUR | USD | JPY | Other | Total |
| **Financial assets** | | | | | |
| Trade and other receivables | 2.652.805.733,69 | 39.600.442,06 | - | - | 2.692.406.175,75 |
| Derivatives | 144.013.797,91 | 169.039.943,25 | - 11.594.461,72 | - | 301.459.279,44 |
| Other financial assets | 1.084.366.121,08 | 913.534.817,82 | 34.888.157,63 | - | 2.032.789.096,53 |
| Cash and cash equivalents | 688.310.718,83 | - | - | 1.215,25 | 688.311.934,08 |
| **Total financial assets** | **4.569.496.371,51** | **1.122.175.203,13** | **23.293.695,91** | **1.215,25** | **5.714.966.485,80** |
| **Financial liabilities** | | | | | |
| Financial liabilities | 3.871.199.801,17 | 1.429.585.230,43 | - | - | 5.300.785.031,60 |
| Derivatives | 713.681.893,04 | - 316.548.115,69 | 25.465.209,20 | - | 422.598.986,55 |
| Trade and other payables | 1.045.336.501,25 | 1.379.261,60 | - | 186.552,48 | 1.046.902.315,33 |
| Other amounts payable | 651.608.336,00 | 86.052,13 | - | - | 651.694.388,13 |
| **Total financial liabilities** | **6.281.826.531,46** | **1.114.502.428,47** | **25.465.209,20** | **186.552,48** | **7.421.980.721,61** |
| **Net exposure** | **- 1.712.330.159,95** | **7.672.774,66** | **- 2.171.513,29** | **-185.337,23** | **- 1.707.014.235,81** |

## b. Currency-derivatives

| | 31/12/2010 | | 31/12/2011 | |
|---|---|---|---|---|
| | Total fair value | Total nominal value | Total fair value | Total nominal value |
| **Currencies bought** | | | | |
| 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 | - | - | - | - |
| **Currencies bought - Total** | **-112.946.097,93** | **-103.928.922,38** | **106.519.790,24** | **98.247.951,11** |
| **Currencies Sold** | | | | |
| USD | 580.838.932,96 | 484.637.150,09 | 555.048.178,26 | 406.219.144,37 |
| JPY | - | - | - | - |
| Others | - | - | - | - |
| **Currencies Sold - Total** | **580.838.932,96** | **484.637.150,09** | **555.048.178,26** | **406.219.144,37** |
| **Options :** | | | | |
| USD | - | - | - | - |
| Others | - | - | - | - |
| **Options - Total** | **-** | **-** | - | - |

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 Consortium'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 variation | Impact on net result | Impact on other comprehensive income |
|---|---|---|
| **2010** | | |
| USD + 10% | - 3.834.330,61 | - |
| USD - 10% | 3.137.179,59 | - |
| JPY + 10% | - 153.155,14 | - |
| JPY - 10% | 125.308,76 | - |
| **2011** | | |
| USD + 10% | 852.530,52 | - |
| USD - 10% | - 697.524,97 | - |
| 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 Consortium, from borrowings in EUR and USD. At 31 December 2011, approximately 56% (2010 = 41%) of gross debt of the Consortium was floating rate and 44% fixed rate (2010 = 59%). Cash surpluses are invested by the Consortium at short (long) term against a variable (fixed) rate.

| | Carrying value 31/12/2010 | Carrying value 31/12/2011 |
|---|---|---|
| **Fixed interest rate** | | |
| **Financial assets** | **1.381.608.551,53** | **1.331.191.951,19** |
| Trade and other receivables | 188.431.799,90 | 213.197.531,14 |
| Other financial assets | 1.193.176.751,63 | 1.117.994.420,05 |
| Cash and cash equivalents | - | - |
| **Financial liabilities** | **2.599.911.398,91** | **2.974.386.395,58** |
| Financial liabilities | 2.599.911.398,91 | 2.974.386.395,58 |
| Trade and other payables | - | - |
| Other amounts payable | - | - |
| **Total fixed interest rate** | **- 1.218.302.847,38** | **- 1.643.194.444,39** |
| **Variable interest rate** | | |
| **Financial assets** | **1.531.251.846,19** | **1.442.170.656,32** |
| Trade and other receivables | 67.508.987,04 | 97.085.435,90 |
| Other financial assets | 1.048.766.321,50 | 812.857.101,90 |
| Cash and cash equivalents | 414.976.537,65 | 532.228.118,52 |
| **Financial liabilities** | **3.303.494.846,75** | **2.781.205.494,87** |
| Financial liabilities | 2.638.054.122,33 | 2.276.562.156,14 |
| Trade and other payables | - | - |
| Other amounts payable | 665.440.724,42 | 504.643.338,73 |
| **Total variable interest rate** | **- 1.772.243.000,56** | **- 1.339.034.838,55** |
| **Total** | **- 2.990.545.847,94** | **- 2.982.229.282,94** |

## b. Cash flow sensitivity analysis

A 1% rise of variable interest rates (including derivatives) would cause an increase of 1.369.270,28 EUR in the interest expenses of the Consortium in 2011, compared to 2.079.432,76 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 income.

The sensitivity analysis at fair value was determined for the Consortium 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 Consortium 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 Consortium 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 | |
| **31 December 2010** | | | | | | | | | |
| Trade and other receivables | 2.395.795.925,51 | 1.883.435.381,89 | 3.071.653,12 | 68.262.751,29 | 11.027.939,31 | 476.480.471,06 | 7.009.644,65 | 240.365,45 | - 53.732.281,26 |
| Derivatives | 311.596.873,51 | 311.596.873,51 | - | - | - | - | - | - | - |
| Other financial assets | 2.338.631.067,48 | 2.338.631.067,48 | - | - | - | - | - | - | - |
| Cash and cash equivalents | 600.947.030,26 | 600.947.030,26 | - | - | - | - | - | - | - |
| **Total** | **5.646.970.896,76** | **5.134.610.353,14** | **3.071.653,12** | **68.262.751,29** | **11.027.939,31** | **476.480.471,06** | **7.009.644,65** | **240.365,45** | **- 53.732.281,26** |
| **31 December 2011** | | | | | | | | | |
| Trade and other receivables | 2.692.406.175,75 | 1.961.336.026,61 | 1.886.617,14 | 331.213.816,63 | 324.996.650,13 | 21.553.202,36 | 39.223.818,75 | 12.196.044,13 | - |
| Derivatives | 301.459.279,44 | 301.459.279,44 | - | - | - | - | - | - | - |
| Other financial assets | 2.032.789.096,53 | 2.032.789.096,53 | - | - | - | - | - | - | - |
| Cash and cash equivalents | 688.311.934,08 | 688.311.934,08 | - | - | - | - | - | - | - |
| **Total** | **5.714.966.485,80** | **4.983.896.336,66** | **1.886.617,14** | **331.213.816,63** | **324.996.650,13** | **21.553.202,36** | **39.223.818,75** | **12.196.044,13** | **-** |

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

| **Rating** | **31/12/2010** | | | |
|---|---|---|---|---|
| | **Corporates** | **Sovereigns** | **Financial institutions** | **Total** |
| **Non current** | | | | |
| 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 | - | - | - | - |
| | **-** | **724.739.558,94** | **1.126.837.623,57** | **1.851.577.182,51** |
| **Current** | | | | |
| 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 | 676.230,31 | 24.991.572,36 | 92.314.974,57 | 117.982.777,24 |
| | **676.230,31** | **585.021.597,37** | **217.344.974,57** | **803.042.802,25** |
| **Total** | **676.230,31** | **1.309.761.156,31** | **1.344.182.598,14** | **2.654.619.984,76** |

| Rating | 31/12/2011 | | | |
|---|---|---|---|---|
| | Corporates | Sovereigns | Financial institutions | Total |
| **Non current** | | | | |
| 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 | - | - | - | - |
| | **1.612,59** | **644.648.651,56** | **1.057.841.100,70** | **1.702.491.364,85** |
| **Current** | | | | |
| 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 | 707.240,95 | 198.613.813,10 | 157.813.580,61 | 357.134.634,66 |
| | **28.644.240,95** | **376.099.772,91** | **353.597.955,16** | **758.341.969,02** |
| **Total** | **28.645.853,54** | **1.020.748.424,47** | **1.411.439.055,86** | **2.460.833.333,87** |

The Consortium has invested as follows by geographic region:

| Zone | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Belgium | 4.168.450.495,00 | 4.314.399.378,35 |
| Eurozone | 279.456.068,11 | 346.159.870,06 |
| 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 |
| **Total** | **5.646.970.896,76** | **5.714.966.485,80** |

## *2.2.4 Liquidity Risk*

When borrowings are made, the Consortium 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 Consortium'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 |
|---|---|---|---|---|---|---|---|
| *** Including interest** | | | | | | | |
| **31 December 2010** | | | | | | | |
| **Financial assets** | | | | | | | |
| Trade and other reveivables | 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 |
| 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 | - | - | - | - |
| **Total financial assets** | **3.124.770.254,45** | **5.482.853.259,08** | **1.084.153.004,53** | **448.872.330,17** | **479.369.277,17** | **652.543.172,13** | **2.817.915.475,08** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Financial liabilities | 5.273.859.472,35 | 7.148.519.554,54 | 753.792.436,20 | 184.505.858,84 | 598.569.744,28 | 1.544.133.825,63 | 4.067.517.689,60 |
| 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 | 807.954.684,34 | 557.195.970,82 | 552.861.576,91 | 4.123.518,62 | 6.302,58 | 204.572,71 | - |
| Other amounts payable | 873.243.714,23 | 734.555.986,93 | 267.753.218,39 | 251.420.245,08 | 213.136.732,65 | 396.316,02 | 1.849.474,79 |
| **Total financial liabilities** | **7.260.009.243,02** | **8.877.650.581,26** | **1.594.463.560,99** | **482.324.373,60** | **834.083.747,52** | **1.648.671.171,10** | **4.318.107.728,06** |
| **Total** | **- 4.135.238.988,57** | **- 3.394.797.322,18** | **- 510.310.556,46** | **- 33.452.043,43** | **- 354.714.470,35** | **- 996.127.998,97** | **- 1.500.192.252,98** |
| **31 December 2011** | | | | | | | |
| **Financial assets** | | | | | | | |
| Trade and other reveivables | 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 |
| 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 | | | | |
| **Total financial assets** | **2.703.510.629,63** | **4.757.132.141,91** | **836.633.179,66** | **261.158.187,41** | **369.506.219,13** | **578.753.743,85** | **2.711.080.811,86** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Financial liabilities | 5.300.785.031,60 | 6.995.471.718,75 | 426.362.011,64 | 384.709.514,47 | 328.073.701,21 | 1.685.246.132,69 | 4.171.080.358,75 |
| 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 | 1.046.902.315,33 | 914.457.160,31 | 761.970.373,78 | 149.249.147,28 | 2.525.677,19 | 711.962,06 | - 0,00 |
| Other amounts payable | 651.694.388,13 | 583.944.543,89 | 233.336.293,52 | 171.598.459,59 | 176.779.747,10 | 393.537,12 | 1.836.506,56 |
| **Total financial liabilities** | **7.421.980.721,61** | **9.053.115.725,45** | **1.423.112.456,44** | **742.065.425,20** | **556.008.279,01** | **1.896.779.199,22** | **4.435.150.365,58** |

## *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.

| | 31/12/2010 Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets at fair value through profit or loss** | | | |
| Deposits | - | 636.630.729,50 | - |
| Fixed income instruments | 52.201.161,93 | 145.848.834,89 | - |
| Derivatives | - | 348.949.666,93 | - |
| **Available-for-sale financial assets** | - | 57.323.881,69 | - |
| **Others** | - | 813.867,02 | - |
| **Total** | **52.201.161,93** | **1.189.566.980,03** | **-** |
| **Liabilities** | | | |
| **Financial liabilities at fair value through profit or loss** | | | |
| Financial liabilities | - | 1.210.921.412,29 | - |
| Derivatives | - | 304.951.372,10 | - |
| **Others** | | - | |
| **Total** | **-** | **1.515.872.784,39** | **-** |

| | 31/12/2011 Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **Assets** | | | |
| **Financial assets at fair value through profit or loss** | | | |
| Deposits | - | 588.702.908,02 | - |
| Fixed income instruments | 51.716.698,93 | 164.819.233,25 | - |
| Derivatives | - | 346.038.290,13 | - |
| **Available-for-sale financial assets** | - | 57.342.046,41 | - |
| **Others** | | 1.203.370,93 | |
| **Total** | **51.716.698,93** | **1.158.105.848,74** | **-** |
| **Liabilities** | | | |
| **Financial liabilities at fair value through profit or loss** | | | |
| Financial liabilities | - | 1.109.871.447,40 | - |
| Derivatives | - | 422.598.986,55 | - |
| **Others** | | - | |
| **Total** | **-** | **1.532.470.433,95** | **-** |

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 IFRS brings the Consortium 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 Consortium 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 Consortium selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date. The Consortium 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 Consortium 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 Consortium’s best estimate (see additional information disclosed in note 20).

A decrease (increase) by 1% of the discount rate determined by the Consortium, would result in an increase (respectively decrease) of 60.955.680,99 EUR (respectively 53.004.734,54 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 Consortium. Estimated useful life takes into consideration the foreseen use by the Consortium, 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 Consortium'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 Consortium operates. Given the various uncertainties described above, a time horizon of three years is used by the Consortium 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 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 Consortium has progressively aligned its valuation rules under Belgian GAAP to IFRS.

This impact is shown in the following table:

| | Restatements | Equity at 1/1/2010 | Net results 2010 | Other elements from the comprehensive income 2010 | Other variations in the equity | Equity at 31/12/2010 |
|---|---|---|---|---|---|---|
| **Consolidated financial statements under Belgian GAAP** | | **16.785.473.043,85** | **-172.840.480,95** | **- 9.476.731,52** | **1.338.975.572,34** | **17.942.131.403,72** |
| Investments grants | 4.1 | - 14.947.561.899,60 | | | - 1.324.336.640,22 | - 16.271.898.539,82 |
| "Own shares" | 4.2 | - 1.799.414.255,46 | | | - 27.279,87 | - 1.799.441.535,33 |
| Property, plant and equipment, intangible assets and cross-border arrangements | 4.3 | - 53.240.973,26 | 57.547.422,03 | | 1.648,42 | 4.308.097,19 |
| Financial instruments | 4.4 | 55.443.768,98 | - 81.501.760,60 | | | - 26.057.991,62 |
| Provisions | 4.5 | 149.886.390,83 | - 143.825.722,31 | | | 6.060.668,52 |
| Employee benefits | 4.6 | - 14.555.680,66 | - 255.243,17 | 13.092.554,42 | 222,01 | - 1.718.147,40 |
| Deferred taxes | 4.7 | 96.744.574,00 | 26.310.233,28 | 1.017.036,20 | | 124.071.843,48 |
| Connstruction contracts | 4.8 | 14.252.920,86 | - 14.399.858,19 | | 146.937,31 | - 0,02 |
| Other restatements | 4.9 | - 3.315.926,87 | 3.032.748,04 | 14.492.353,54 | - 15.103.202,15 | - 894.027,44 |
| **Total restatements IFRS** | | **- 16.501.761.081,18** | **-153.092.180,92** | **28.601.944,16** | **-1.339.318.314,50** | **- 17.965.569.632,44** |
| **Consolidated financial statements under IFRS** | | **283.711.962,67** | **-325.932.661,87** | **19.125.212,64** | **- 342.742,16** | **- 23.438.228,72** |

## 4.1 **Investment grants**

Investment grants on intangible assets, property, plant and equipment, investment properties and assets held for sale are accounted for as equity in the Belgian GAAP accounts at 31 December 31 2009 and 2010, while they are accounted for as liabilities in the IFRS accounts from 1 January 2010 and 31 December 2010.

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

As described in the note 34, the Consortium 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 Consortium 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 Consortium 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 4.3), and the accounting of revenue earned during the restructuring of some of the cross-border arrangements. According to Belgian accounting rules, the Consortium spreads this revenue over time, whereas under IFRS revenue is recognised as income when the arrangement is concluded.

## 4.3 **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 Consortium 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.

## 4.4 **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 some long-term provisions are accounted for at their nominal value in the Belgian GAAP accounts at 1 January 2010 and 31 December 2010.

## 4.5 **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 1January 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.

## 4.6 **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. A deferred tax liability is calculated in the IFRS accounts at 1 January 2010 for construction contracts. No deferred tax is recorded in the Belgian GAAP accounts at 31 December 2009 and 2010.

## 4.7 **Construction contracts**

Construction contracts that are accounted for under the completed contract method in the Belgian GAAP accounts at 1 January 2010 are accounted under the percentage of completion method under IFRS. At 31 December 2010 all construction contracts are accounted for in the Belgian GAAP accounts under the percentage of completion method.

## 4.8 **Other restatements**

Other restatements at 1 January 2010 are mainly the result from the classification of non-controlling interests that are included in equity under IFRS, while minority interests are classified as equity under Belgian GAAP. These restatements also include restatements due to changes in scope of consolidation and accounting for certain long leases as owner and lease-lease tenant that are finance leases under IAS 17.

Other adjustments at 31 December 2010 include the restatements of goodwill that is amortised in Belgian GAAP while goodwill is subject to impairment tests under IFRS. No impairment of goodwill was accounted for in the IFRS accounts at 1 January 2010 and 31 December 2010.

# Note 5 – Consolidation scope of the Consortium

The subsidiaries of the Consortium are the following:

| Name | Share of voting rights in % at 31 December | | Headquarters location | Company/VAT number |
|---|---|---|---|---|
| | 2010 | 2011 | | |
| SNCB | 100,0 | 100,0 | Bruxelles | BE 0869.763.069 |
| SNCB Logistics | 100,0 | 100,0 | Bruxelles | BE 0822.966.806 |
| Rheinkraft International (droit allemand) | 100,0 | 100,0 | Duisburg | DE 811.155.045 |
| On Site Rail | 100,0 | 100,0 | Anvers | BE 0474.471.639 |
| RKS Rheinkraft Verwaltungs GmbH (droit allemand) | 100,0 | 100,0 | Duisburg | HR B18579 |
| RKS Rheinkraft GmbH & Co KG (droit allemand) | 100,0 | 100,0 | Duisburg | DE 249.829.684 |
| Transport Route Wagon (T.R.W.) | 99,3 | 99,3 | Bruxelles | BE 0405.772.081 |
| Liege Logistics Intermodal (L.L.I.) | 65,8 | 0,0 | Flémalle | BE 0477.584.547 |
| E.T.G.-Invest | 100,0 | 100,0 | Genk - Hasselt | BE 0453.932.284 |
| E.T.G.-Exploitatie | 100,0 | 100,0 | Bruxelles | BE 0453.905.956 |
| O.S.R. France (droit français) | 100,0 | 100,0 | Lille | FR 395.0515.9228 |
| YPTO | 100,0 | 100,0 | Bruxelles | BE 0821.220.410 |
| Inter Ferry Boats | 100,0 | 100,0 | Anvers | BE 0403.425.869 |
| Rail Infra Logistics | 100,0 | 100,0 | Anvers | BE 0419.938.536 |
| IFB Italia (droit italien) | 100,0 | 100,0 | Novara | IT 13349180151 |
| IFB France (droit français) | 100,0 | 100,0 | Bonneuil-sur-Marne | FR 5555.2000.1850 |
| Xpedys | 100,0 | 100,0 | Bruxelles | BE 0896.067.192 |
| RKE | 61,5 | 61,5 | Anvers | BE 0404.546.814 |
| L.A. Group (en liquidation) | 100,0 | 100,0 | Bruxelles | BE 0419.345.054 |
| Rail Facilities | 100,0 | 100,0 | Bruxelles | BE 0403.265.325 |
| Eurostation | 100,0 | 100,0 | Bruxelles | BE 0446.601.757 |
| Tuc Rail | 100,0 | 100,0 | Bruxelles | BE 0447.914.029 |
| Eurogare | 75,0 | 75,0 | Liège | BE 0451.150.562 |
| Chantier de Créosotage de Bruxelles | 51,0 | 51,0 | Bruxelles | BE 0428.821.954 |
| Syntigo | 100,0 | 100,0 | Bruxelles | BE 0476.975.427 |
| Foncière Rue de France | 100,0 | 100,0 | Bruxelles | BE 0433.939.101 |
| Financière Rue de France | 100,0 | 100,0 | Bruxelles | BE 0878.467.335 |
| Woodprotect Belgium | 99,9 | 99,9 | Gand | BE 0442.279.220 |
| Euro Immo Star | 100,0 | 100,0 | Bruxelles | BE 0451.777.894 |
| Anneis (*) | 49,1 | 100,0 | Anvers | BE 0476.327.705 |
| SOHA | 98,8 | 98,8 | Hasselt | BE 0817.134.730 |
| SOFA | 100,0 | 100,0 | Gand | BE 0809.998.696 |
| Schelde-Landschapspark (SLP) | 50,0 | 50,0 | Bornem | BE 0824.816.833 |
| SOBRUG | 100,0 | 100,0 | Bruxelles | BE 0830.459.758 |
| South Station | 100,0 | 100,0 | Bruxelles | BE 0896.513.095 |
| De Leewe II (*) | 0,0 | 100,0 | Bruxelles | BE 0476.491.021 |
| B-Parking | 100,0 | 100,0 | Bruxelles | BE 0899.438.834 |
| SPV 162 | 100,0 | 100,0 | Bruxelles | BE 0886.279.892 |
| SPV Zwankendamme | 100,0 | 100,0 | Bruxelles | BE 0888.985.105 |
| SPV Brussels Port | 100,0 | 100,0 | Bruxelles | BE 0889.172.472 |
| SPV LLN | 100,0 | 100,0 | Bruxelles | BE 0826.478.107 |
| GO-Mobile | 62,0 | 62,0 | Bruxelles | BE 0829.056.723 |
| Transurb Technirail | 92,0 | 92,0 | Bruxelles | BE 0413.393.907 |
| Railtour | 95,4 | 95,4 | Bruxelles | BE 0402.698.765 |
| Haeger & Schmidt International (droit allemand) | 100,0 | 100,0 | Duisburg | DE 813.197.125 |
| H&S Container Line (droit allemand) | 100,0 | 100,0 | Duisburg | DE 814.592.798 |
| Haeger & Schmidt International B.V. Zwijndrecht (droit hollandais) | 100,0 | 100,0 | Zwijndrecht | NL 004798150B01 |
| HSR Business Service (droit allemand) en demande | 100,0 | 100,0 | Duisburg | N.C. |

(*) acquisitions of shares in these companies are not business combinations under IFRS 3

Business combinations by the Consortium are presented in note 17.

The Consortium held 65,75% of the rights of its subsidiary Liège Logistics Intermodal S.A. before the sale of these shares to Liège Container Terminal S.A. in 2011. The latter company is an associate in which the Consortium holds 50% of the voting rights, accounted for in the consolidated financial statements of the Consortium according to the equity method. The interests under equity method are discussed in note 9.

# Note 6 - Intangible assets

## 6.1 Intangible assets

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Goodwill | 1.469.491,27 | 1.469.491,27 |
| Intangible assets - other - internally generated | 210.809.293,63 | 225.783.477,85 |
| Intangible assets - other - acquired from third parties | 1.423.004.505,90 | 1.473.458.459,08 |
| **Carrying value at 31 December** | **1.635.283.290,80** | **1.700.711.428,20** |

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Parent companies | 1.466.213.505,23 | 1.486.906.223,98 |
| SNCB | 162.302.532,57 | 193.218.358,99 |
| SNCB Logistics | 1.100.479,12 | 13.426.212,02 |
| Other subsidiaries | 5.666.773,88 | 7.160.633,21 |
| **Carrying value at 31 December** | **1.635.283.290,80** | **1.700.711.428,20** |

## *6.1.1 Intangible assets - Goodwill*

| | Notes | Goodwill - full consolidation | Goodwill - other | Total |
|---|---|---|---|---|
| **Carrying value at 1 January 2010** | | **1.469.491,27** | **-** | **1.469.491,27** |
| Individual acquisitions | | - | - | - |
| Acquisitions through business combinations | | - | - | - |
| Disposals | | - | - | - |
| Transfer to: | | | | |
| non-current assets held for sale | 16 | - | - | - |
| other categories within the section | | - | - | - |
| other | | - | - | - |
| Impairment losses | | - | - | - |
| Translation differences | | - | - | - |
| Other movements | | - | - | - |
| **Carrying value at 31 December 2010** | | **1.469.491,27** | **-** | **1.469.491,27** |
| **Carrying value at 1 January 2011** | | 1.469.491,27 | - | **1.469.491,27** |
| Individual acquisitions | | - | - | - |
| Acquisitions through business combinations | | - | - | - |
| Disposals | | - | - | - |
| Transfer to: | | | | |
| non-current assets held for sale | 16 | - | - | - |
| other categories within the section | | - | - | - |
| other | | - | - | - |
| Impairment losses | | - | - | - |
| Translation differences | | - | - | - |
| Other movements | | - | - | - |
| **Carrying value at 31 December 2011** | | **1.469.491,27** | **-** | **1.469.491,27** |

| | Goodwill - full consolidation | Goodwill - other | Total |
|---|---|---|---|
| **As at 1 January 2010** | | | |
| Cost | 1.469.491,27 | - | 1.469.491,27 |
| Accumulated amortisation and impairment | - | - | - |
| **Carrying value at 1 January 2010** | **1.469.491,27** | **-** | **1.469.491,27** |
| **As at 31 December 2010** | | | |
| Cost | 1.469.491,27 | - | 1.469.491,27 |
| Accumulated amortisation and impairment | - | - | - |
| **Carrying value at 31 December 2010** | **1.469.491,27** | **-** | **1.469.491,27** |
| **As at 31 December 2011** | | | |
| Cost | 1.469.491,27 | - | 1.469.491,27 |
| Accumulated amortisation and impairment | - | - | - |
| **Carrying value at 31 December 2011** | **1.469.491,27** | **-** | **1.469.491,27** |

## *6.1.2 Intangible assets – Other*

| | | Internally generated | | | Acquired from third parties | | |
|---|---|---|---|---|---|---|---|
| | | Softwares | Others | TOTAL | Softwares | Others | TOTAL |
| | Notes | | | | | | |
| **Carrying value at 1 January 2010** | | **121.179.279,94** | **30.426.148,40** | **151.605.428,34** | **41.478.731,29** | **1.359.982.152,32** | **1.401.460.883,61** |
| | | | | **-** | | | **-** |
| Individual acquisitions | | 76.583.350,95 | 3.662.512,98 | **80.245.863,93** | 39.523.276,85 | 40.495.833,83 | **80.019.110,68** |
| Acquisitions through business combinations | | - | - | **-** | - | - | **-** |
| Borrowing cost | | - | - | **-** | - | - | **-** |
| Disposals | | - | - | **-** | - | - | **-** |
| Transfer to: | | | | **-** | | | **-** |
| non-current assets held for sale | 16 | - | - | **-** | - | - | **-** |
| other | | | - | **-** | | - 35.664.790,81 | **- 35.664.790,81** |
| Impairment losses | | - | - 3.114.370,98 | **- 3.114.370,98** | - | - | **-** |
| Reversal of impairment losses | | - | - | **-** | - | - | **-** |
| Amortisation of the period | | - 9.640.189,71 | - 8.287.437,95 | **- 17.927.627,66** | - 8.890.280,75 | - 13.920.416,83 | **- 22.810.697,58** |
| Translation differences | | - | - | **-** | - | - | **-** |
| Other movements | | - | - | **-** | - | - | **-** |
| **Carrying value at 31 December 2010** | | **188.122.441,18** | **22.686.852,45** | **210.809.293,63** | **72.111.727,39** | **1.350.892.778,51** | **1.423.004.505,90** |
| | | | | **-** | | | **-** |
| **Carrying value at 1 January 2011** | | 188.122.441,18 | 22.686.852,45 | **210.809.293,63** | 72.111.727,39 | 1.350.892.778,51 | **1.423.004.505,90** |
| Individual acquisitions | | 62.708.105,34 | 362.758,67 | **63.070.864,01** | 8.114.239,57 | 57.715.139,82 | **65.829.379,39** |
| Acquisitions through business combinations | | - | - | **-** | - | - | **-** |
| Borrowing cost | | - | - | **-** | - | - | **-** |
| Disposals | | - 2.674.950,66 | - | **- 2.674.950,66** | - 72.542,32 | - | **- 72.542,32** |
| Transfer to: | | | | | | | |
| non-current assets held for sale | 16 | - | - | **-** | - | - | **-** |
| other | | - 159.868,70 | - 21.541.805,24 | **- 21.701.673,94** | 64.461.669,30 | - 42.723.402,37 | **21.738.266,93** |
| Impairment losses | | - 60.550,99 | - | **- 60.550,99** | - 286.311,19 | - | **- 286.311,19** |
| Reversal of impairment losses | | - | - | **-** | - | - | **-** |
| Amortisation of the period | | - 23.308.673,00 | - 350.831,20 | **- 23.659.504,20** | - 22.662.150,94 | - 14.092.688,69 | **- 36.754.839,63** |
| Translation differences | | - | - | **-** | - | - | **-** |
| Other movements | | - | - | **-** | - | - | **-** |
| **Carrying value at 31 December 2011** | | **224.626.503,17** | **1.156.974,68** | **225.783.477,85** | **121.666.631,81** | **1.351.791.827,27** | **1.473.458.459,08** |

| | Internally generated | | | Acquired from third parties | | |
|---|---|---|---|---|---|---|
| | Softwares | Others | TOTAL | Softwares | Others | TOTAL |
| **As at 1 January 2011** | | | | | | |
| Cost | 150.495.805,27 | 64.118.060,26 | **214.613.865,53** | 49.031.457,94 | 1.429.271.400,55 | **1.478.302.858,49** |
| Accumulated amortisation | - 29.316.525,33 | - 33.691.911,86 | **- 63.008.437,19** | - 7.544.223,15 | - 69.289.248,23 | **- 76.833.471,38** |
| Accumulated impairment | - | - | **-** | - 8.503,50 | - | **- 8.503,50** |
| **Carrying value at 1 January 2011** | **121.179.279,94** | **30.426.148,40** | **151.605.428,34** | **41.478.731,29** | **1.359.982.152,32** | **1.401.460.883,61** |
| **As at 31 December 2010** | | | | | | |
| Cost | 227.079.156,22 | 62.537.819,58 | **289.616.975,80** | 87.644.029,54 | 1.434.102.443,57 | **1.521.746.473,11** |
| Accumulated amortisation | - 38.956.715,04 | - 39.850.967,13 | **- 78.807.682,17** | - 15.523.798,65 | - 83.209.665,06 | **- 98.733.463,71** |
| Accumulated impairment | - | - | **-** | - 8.503,50 | - | **- 8.503,50** |
| **Carrying value at 31 December 2010** | **188.122.441,18** | **22.686.852,45** | **210.809.293,63** | **72.111.727,39** | **1.350.892.778,51** | **1.423.004.505,90** |
| **As at 31 December 2011** | | | | | | |
| Cost | 286.695.589,91 | 5.594.652,68 | **292.290.242,59** | 170.730.273,54 | 1.449.094.181,02 | **1.619.824.454,56** |
| Accumulated amortisation | - 62.069.086,74 | - 4.437.678,00 | **- 66.506.764,74** | - 49.055.138,23 | - 97.302.353,75 | **- 146.357.491,98** |
| Accumulated impairment | - | | **-** | - 8.503,50 | - | **- 8.503,50** |
| **Carrying value at 31 December 2011** | **224.626.503,17** | **1.156.974,68** | **225.783.477,85** | **121.666.631,81** | **1.351.791.827,27** | **1.473.458.459,08** |

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Operational licence granted by the State | 1.277.575.557,57 | 1.263.838.383,83 |
| Other intangible assets financed by grants | 332.541.313,13 | 403.016.051,86 |
| Other intangible assets not financed by grants | 23.696.728,83 | 32.387.501,24 |
| **Carrying value at 31 December** | **1.633.813.599,53** | **1.699.241.936,93** |

### *6.1.3 Other intangible assets – Finance leases*

The Consortium has no finance lease agreements for intangible assets.

### *6.1.4 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 | - | - |
| **Total** | **-** | **-** |

| **Carrying value of intangible assets** | **31/12/2010** | **31/12/2011** |
|---|---|---|
| Acquired through grants | | |
| Softwares - internally generated | 187.435.028,86 | 221.435.330,46 |
| 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 |
| **Total** | **332.541.313,13** | **403.016.051,86** |

# Note 7 – Property, plant and equipment

## 7.1 Property, plant and equipment

| | Note | Land | Buildings | Railway infrastructure | Railway rolling stock | Plant and various equipment | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|
| **Carrying value at 1 January 2010** | | **293.431.024,60** | **1.190.447.861,11** | **7.423.786.547,61** | **3.135.695.696,28** | **557.410.055,27** | **4.040.443.054,15** | **16.641.214.239,02** |
| | | | | | | | | - |
| Individual acquisitions | | 2.378.753,20 | 12.968.619,33 | 40.944.780,93 | 350.561.816,17 | 54.057.812,81 | 800.394.660,59 | **1.261.306.443,03** |
| Acquisitions through business combinations | | - | - | - | - | - | - | - |
| Internally generated | | - | - | - | 10.810.892,26 | - | 516.636.316,34 | **527.447.208,60** |
| Borrowing cost | | - | - | - | - | - | 349.871,69 | **349.871,69** |
| Changes in scope | | - | - | - | - | - | - | - |
| Disposals | | - | -25.252,99 | -6.419.111,97 | -56.713.485,37 | -29.978.194,79 | - | **-93.136.045,12** |
| Transfer to: | | | | | | | | - |
| non-current assets held for sale | 16 | -163.062,34 | 1.140.801,34 | -4.092.547,05 | - | -87.773,54 | -6.171.968,67 | **-9.374.550,26** |
| other category within this section | | 35.991.880,08 | 13.397.079,16 | 535.440.026,84 | 27.811.870,12 | 7.462.245,27 | -620.103.101,47 | - |
| other | | 1.602.704,80 | 11.714,76 | - | - | - | - | **1.614.419,56** |
| Impairment losses | | - | -6.281.553,88 | -25.856,01 | -23.758.884,56 | -10.060.869,18 | -189.008,36 | **-40.316.171,99** |
| Reversal of impairment losses | | - | - | - | - | - | - | - |
| Depreciation | | - | -73.706.748,18 | -297.309.499,23 | -219.441.315,02 | -87.194.217,86 | - | **-677.651.780,29** |
| Translation differences | | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - |
| **Carrying value at 31 December 2010** | | **333.241.300,34** | **1.137.952.520,65** | **7.692.324.341,12** | **3.224.966.589,88** | **491.609.057,98** | **4.731.359.824,27** | **17.611.453.634,24** |
| | | | | | | | | - |
| **Carrying value at 1 January 2011** | | **333.241.300,34** | **1.137.952.520,65** | **7.692.324.341,12** | **3.224.966.589,88** | **491.609.057,98** | **4.731.359.824,27** | **17.611.453.634,24** |
| Individual acquisitions | | 4.069.478,53 | 1.616.844,70 | 54.666.009,19 | 7.253.880,35 | 40.873.907,91 | 1.467.477.907,03 | **1.575.958.027,71** |
| Acquisitions through business combinations | | - | - | - | - | - | - | - |
| Internally generated | | - | - | - | - | - | 316.422.634,12 | **316.422.634,12** |
| Borrowing cost | | - | - | - | - | - | 506.988,84 | **506.988,84** |
| Changes in scope | | - | - | - | - | - | - | - |
| Disposals | | -4.029.379,66 | -3.753.662,14 | - | -17.384.783,49 | -3.630.526,63 | -10.516.400,16 | **-39.314.752,08** |
| Transfer to: | | | | | | | | - |
| non-current assets held for sale | 16 | -809.500,39 | -552.438,15 | -11.965,59 | -2.052.359,50 | -59.721,00 | -47.079.764,53 | **-50.565.749,16** |
| other category within this section | | 11.050.041,32 | -18.783.334,63 | 346.366.580,50 | 330.389.321,13 | 109.076.315,76 | -778.098.924,08 | - |
| other | | -21.493,47 | -1.472.368,40 | -5.824.445,06 | 2.146.217,19 | -12.698.292,22 | - | **-17.870.381,96** |
| Impairment losses | | -535.000,25 | -4.485.263,36 | -7.719.014,74 | -20.736.031,47 | -7.133.762,08 | - | **-40.609.071,90** |
| Reversal of impairment losses | | - | - | - | - | - | 806.047,08 | **806.047,08** |
| Depreciation | | - | -75.372.285,94 | -340.824.755,12 | -250.797.666,23 | -87.312.205,64 | - | **-754.306.912,93** |
| Translation differences | | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - |
| **Carrying value at 31 December 2011** | | **342.965.446,42** | **1.035.150.012,73** | **7.738.976.750,30** | **3.273.785.167,86** | **530.724.774,08** | **5.680.878.312,57** | **18.602.480.463,96** |

| | Land | Buildings | Railway infrastructure | Railway rolling stock | Plant and various equipment | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2010** | | | | | | | |
| Cost | 293.432.124,06 | 1.869.534.948,21 | 11.789.168.048,50 | 5.479.423.842,24 | 1.347.892.226,27 | 4.041.060.092,87 | **24.820.511.282,15** |
| Accumulated depreciation | - | -677.300.956,15 | -4.355.776.746,21 | -2.341.213.022,76 | -784.411.065,34 | - | **-8.158.701.790,46** |
| Accumulated impairment | -1.099,46 | -1.786.130,95 | -9.604.754,68 | -2.515.123,20 | -6.071.105,66 | -617.038,72 | **-20.595.252,67** |
| **Carrying value at 1 January 2010** | **293.431.024,60** | **1.190.447.861,11** | **7.423.786.547,61** | **3.135.695.696,28** | **557.410.055,27** | **4.040.443.054,15** | **16.641.214.239,02** |
| | | | | | | | - |
| **As at 31 December 2010** | | | | | | | - |
| Cost | 335.039.649,95 | 1.895.111.207,39 | 12.311.737.394,07 | 5.666.522.369,66 | 1.314.872.201,58 | 4.732.165.871,35 | **26.255.448.694,00** |
| Accumulated depreciation | - | -755.373.692,41 | -4.609.808.298,27 | -2.439.040.656,58 | -817.192.037,94 | - | **-8.621.414.685,20** |
| Accumulated impairment | -1.798.349,61 | -1.784.994,33 | -9.604.754,68 | -2.515.123,20 | -6.071.105,66 | -806.047,08 | **-22.580.374,56** |
| **Carrying value at 31 December 2010** | **333.241.300,34** | **1.137.952.520,65** | **7.692.324.341,12** | **3.224.966.589,88** | **491.609.057,98** | **4.731.359.824,27** | **17.611.453.634,24** |
| | | | | | | | - |
| **As at 31 December 2011** | | | | | | | - |
| Cost | 345.298.796,28 | 1.817.380.571,04 | 12.613.850.694,54 | 5.732.135.028,70 | 1.422.334.213,70 | 5.680.878.312,57 | **27.611.877.616,83** |
| Accumulated depreciation | - | -780.445.563,98 | -4.857.633.923,80 | -2.444.497.456,75 | -879.827.481,23 | - | **-8.962.404.425,76** |
| Accumulated impairment | -2.333.349,86 | -1.784.994,33 | -17.240.020,44 | -13.852.404,09 | -11.781.958,39 | - | **-46.992.727,11** |
| **Carrying value at 31 December 2011** | **342.965.446,42** | **1.035.150.012,73** | **7.738.976.750,30** | **3.273.785.167,86** | **530.724.774,08** | **5.680.878.312,57** | **18.602.480.463,96** |

| | **31/12/2010** | **31/12/2011** |
|---|---|---|
| Parent companies | 13.200.562.466,52 | 13.878.284.483,04 |
| SNCB | 4.040.699.878,68 | 4.066.223.412,06 |
| SNCB Logistics | - | 290.955.483,65 |
| Other subsidiaries | 370.191.289,04 | 367.017.085,21 |
| **Carrying value at 31 December 2011** | **17.611.453.634,24** | **18.602.480.463,96** |

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 Consortium 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 Consortium 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 Consortium 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 Consortium 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 |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2010** | | | | | | | |
| Cost | - | 7.899.468,57 | - | 6.557.817,13 | 6.316.747,41 | - | 20.774.033,11 |
| Accumulated depreciation | - | - 5.761.502,95 | - | - 2.541.342,49 | - 845.515,02 | - | - 9.148.360,46 |
| Accumulated impairment | - | - | - | - | - | - | - |
| **Carrying value at 1 January 2010** | **-** | **2.137.965,62** | **-** | **4.016.474,64** | **5.471.232,39** | **-** | **11.625.672,65** |
| **As at 31 December 2010** | | | | | | | |
| Cost | - | 7.899.468,57 | - | 6.212.690,37 | 747.203,79 | - | 14.859.362,73 |
| Accumulated depreciation | - | - 5.959.691,46 | - | - 2.632.688,19 | - 629.882,99 | - | - 9.222.262,64 |
| Accumulated impairment | - | - | - | - | - | - | - |
| **Carrying value at 31 December 2010** | **-** | **1.939.777,11** | **-** | **3.580.002,18** | **117.320,80** | **-** | **5.637.100,09** |
| **As at 31 December 2011** | | | | | | | |
| Cost | - | 7.899.468,57 | - | 70.667.999,19 | 5.251.082,85 | - | 83.818.550,61 |
| Accumulated depreciation | | - 6.157.879,98 | - | - 6.034.331,73 | - 715.108,80 | - | - 12.907.320,51 |
| Accumulated impairment | - | - | - | - | - | - | - |
| **Carrying value at 31 December 2011** | **-** | **1.741.588,59** | **-** | **64.633.667,46** | **4.535.974,05** | **-** | **70.911.230,10** |

## 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 | 2.560.777.524,01 |
| Plant and various equipment | 399.388.452,33 | 418.542.491,32 |
| Assets under construction | 4.534.318.383,57 | 5.216.966.511,02 |
| **Total** | **16.140.288.567,20** | **16.858.116.836,84** |

Regarding the Public-Private Partnerships (PPP) entered into by Infrabel for the realization of infrastructure projects, the approach taken by the Consortium 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 Consortium, 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

| | Note | Land | Buildings | Total |
|---|---|---|---|---|
| **Carrying value at 1 January 2010** | | **60.678.862,54** | **14.072.047,07** | **74.750.909,61** |
| Individual acquisitions | | - | - | - |
| Acquisitions through business combinations | | - | - | - |
| Internally generated | | - | - | - |
| Disposals | | - | - | - |
| Borrowing cost | | - | - | - |
| Transfer to: | | - | - | - |
| non-current assets held for sale | 16 | - | - | - |
| property, plant and equipment | | - | - | - |
| inventories | | - | - | - |
| other | | 14.378,08 | - 14.378,08 | - |
| Impairment losses | | - 2.680,14 | - | - 2.680,14 |
| Reversal of impairment losses | | - | - | - |
| Depreciation | | - | - 2.320.318,52 | - 2.320.318,52 |
| Translation differences | | - | - | - |
| Other | | - 3.292.648,24 | - | - 3.292.648,24 |
| **Carrying value at 31 December 2010** | | **57.397.912,24** | **11.737.350,47** | **69.135.262,71** |
| **Carrying value at 1 January 2011** | | **57.397.912,24** | **11.737.350,47** | **69.135.262,71** |
| Individual acquisitions | | - | 756.194,03 | 756.194,03 |
| Acquisitions through business combinations | | - | - | - |
| Internally generated | | - | - | - |
| Disposals | | - 350.486,03 | - | - 350.486,03 |
| Borrowing cost | | - | - | - |
| Transfer to: | | | | |
| non-current assets held for sale | 16 | - 859.977,75 | - | - 859.977,75 |
| property, plant and equipment | | 921.334,71 | 12.122.090,90 | 13.043.425,61 |
| inventories | | - | - | - |
| other | | 3.941.507,04 | - | 3.941.507,04 |
| Impairment losses | | - 3.944.187,18 | - | - 3.944.187,18 |
| Reversal of impairment losses | | 15.706,53 | - | 15.706,53 |
| Depreciation | | - | - 1.395.598,85 | - 1.395.598,85 |
| Translation differences | | - | - | - |
| Other | | | | - |
| **Carrying value at 31 December 2011** | | **57.121.809,56** | **23.220.036,55** | **80.341.846,11** |

| | Land | Buildings | Total |
|---|---|---|---|
| **As at 1 January 2010** | | | |
| Cost | 60.718.690,33 | 69.886.370,91 | **130.605.061,24** |
| Accumulated depreciation | - | - 55.814.323,84 | **- 55.814.323,84** |
| Accumulated impairment | - 39.827,79 | - | **- 39.827,79** |
| **Carrying value at 1 January 2010** | **60.678.862,54** | **14.072.047,07** | **74.750.909,61** |
| **As at 31 December 2010** | | | |
| Cost | 57.440.420,17 | 69.871.992,83 | **127.312.413,00** |
| Accumulated depreciation | - | - 58.134.642,36 | **- 58.134.642,36** |
| Accumulated impairment | - 42.507,93 | - | **- 42.507,93** |
| **Carrying value at 31 December 2010** | **57.397.912,24** | **11.737.350,47** | **69.135.262,71** |
| **As at 31 December 2011** | | | |
| Cost | 61.092.798,14 | 106.455.344,62 | **167.548.142,76** |
| Accumulated depreciation | - | - 83.235.308,07 | **- 83.235.308,07** |
| Accumulated impairment | - 3.970.988,58 | - | **- 3.970.988,58** |
| **Carrying value at 31 December 2011** | **57.121.809,56** | **23.220.036,55** | **80.341.846,11** |

## 8.2 **Other information related to investment property**

| Carrying value of Investment properties | 31/12/2010 | 31/12/2011 |
|---|---|---|
| of which the property is | | |
| restricted | - | - |
| given as a collateral for debts | - | - |
| **Total** | **-** | **-** |

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

| Accounted for in the net result for the year ending | 31/12/2010 | 31/12/2011 |
|---|---|---|
| **Rental income** | 38.981.114,98 | 38.190.827,81 |
| **Operating expenses** directly attributable to: | | |
| investment property generating income | 3.027.219,93 | 2.121.952,38 |
| investment property not generating any income | - | - |

**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).

| | Land | Buildings | Total |
|---|---|---|---|
| Fair value as at 1 January 2010 | 162.387.293,87 | 35.696.766,07 | **198.084.059,94** |
| Fair value as at 31 December 2010 | 167.004.403,79 | 34.367.215,23 | **201.371.619,02** |
| Fair value as at 31 December 2011 | 173.026.640,02 | 34.908.208,74 | **207.934.848,76** |

# Note 9 – Interests under equity method

## 9.1 Interests under equity method

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Interests under equity method | 114.951.655,73 | 116.780.847,42 |
| **Carrying value at 31 December** | **114.951.655,73** | **116.780.847,42** |

| | 2010 | 2011 |
|---|---|---|
| **Carrying value as at 1 January** | **90.685.804,60** | **114.951.655,73** |
| Business combinations | | - |
| Change in the scope of consolidation | 578.609,34 | - 3.987.206, |
| Dividends | - 744.746,50 | - 1.231.314 |
| Share in the net result of Interests under equity method | 4.620.047,77 | 3.866.661, |
| Share in the other comprehensive income of Interests under equity method | 14.132.483,84 | 2.447.371, |
| *Of which translation dfifferences* | *14.486.014,06* | |
| Impairment losses | | |
| Other changes: | | - |
| change in equity | 3.540.900,00 | - 11.536 |
| change in goodwill | 1.443.459,66 | |
| change in other elements included In the value of interests under equity method | 695.097,02 | 745.215, |
| **Carrying value as at 31 December** | **114.951.655,73** | **116.780.847,42** |

## 9.2 Interests under equity method – other information

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Turnover with Interests under equity method | 135.780.636,49 | 82.610.741,73 |
| Net reveivables on Interests under equity method | 43.529.778,50 | 24.581.417,12 |
| Liabilities on Interests under equity method | 26.911.337,42 | 22.161.663,92 |

# Note 10 – Trade and other receivables

## 10.1 Trade and other receivables

| | Notes | 31/12/2010 Gross amount | 31/12/2010 Impairment | 31/12/2010 Net amount | 31/12/2011 Gross amount | 31/12/2011 Impairment | 31/12/2011 Net amount |
|---|---|---|---|---|---|---|---|
| **Non current** | | | | | | | |
| **Trade receivables** | | **129.262.684,40** | **-** | **129.262.684,40** | **122.533.246,12** | **-** | **122.533.246,12** |
| Receivables on public authorities | 36 | 127.896.218,24 | - | 127.896.218,24 | 122.533.246,12 | - | 122.533.246,12 |
| Other trade receivables | | 1.366.466,16 | - | 1.366.466,16 | - | - | - |
| **Other receivables** | | **868.547.629,58** | **- 569.662,95** | **867.977.966,63** | **866.237.065,71** | **-** | **866.237.065,71** |
| Receivables on public authorities | 36 | 840.426.610,05 | - | 645.579.639,21 | 826.617.422,43 | - | 826.617.422,43 |
| Deferred charges | | 410,56 | - | 410,56 | 3.920.526,69 | - | 3.920.526,69 |
| Accrued income | | - | - | - | - | - | - |
| Finance lease receivables | | - | - | - | - | - | - |
| Other receivables | | 28.120.608,97 | - 569.662,95 | 28.690.271,92 | 35.699.116,59 | - | 35.699.116,59 |
| **Total (non current)** | | **997.810.313,98** | **- 569.662,95** | **997.240.651,03** | **988.770.311,83** | **-** | **988.770.311,83** |
| **Current** | | | | | | | |
| **Trade receivables** | | **579.685.865,14** | **- 24.126.823,30** | **555.559.041,84** | **580.858.476,38** | **- 37.820.152,42** | **543.038.323,96** |
| Amounts due from customers for contract work | 11 | 40.099.669,83 | - | 40.099.669,83 | 76.140.203,93 | - | 76.140.203,93 |
| Receivables on public authorities | 36 | 137.437.296,35 | - | 137.437.296,35 | 150.061.486,54 | - | 150.061.486,54 |
| Other trade receivables | | 402.148.898,96 | - 24.126.823,30 | 378.022.075,66 | 354.656.785,91 | - 37.820.152,42 | 316.836.633,49 |
| **Other receivables** | | **1.149.445.591,53** | **- 66.336.681,43** | **1.083.108.910,10** | **1.379.949.565,94** | **- 93.740.222,75** | **1.286.209.343,19** |
| Receivables on public authorities | 36 | 682.077.827,34 | - 30.157,75 | 682.047.669,59 | 726.833.664,07 | - 106.201,30 | 726.727.462,77 |
| Deferred charges | | 200.013.007,63 | - | 200.013.007,63 | 46.551.072,61 | - | 46.551.072,61 |
| Accrued income | | 26.476.361,96 | - | 26.476.361,96 | 109.145.120,32 | - | 109.145.120,32 |
| Finance lease receivables | | 91.438,22 | - | 91.438,22 | 1.127.046,01 | - | 1.127.046,01 |
| Other receivables | | 240.786.956,38 | - 66.306.523,68 | 174.480.432,70 | 496.292.662,93 | - 93.634.021,45 | 402.658.641,48 |
| **Total (current)** | | **1.729.131.456,67** | **- 90.463.504,73** | **1.638.667.951,94** | **1.960.808.042,32** | **-131.560.375,17** | **1.829.247.667,15** |

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| **Non current** | | |
| Parent companies | 843.190.361,76 | 828.693.658,47 |
| SNCB | 132.073.147,77 | 134.451.538,04 |
| SNCB Logistics | - | 198.468,14 |
| Other subsidiaries | 21.977.141,50 | 25.426.647,18 |
| **Net book value as at 31 December** | **997.240.651,03** | **988.770.311,83** |
| **Current** | | |
| Parent companies | 644.497.947,52 | 715.295.892,28 |
| SNCB | 749.003.046,88 | 766.831.961,77 |
| SNCB Logistics | 367.626,22 | 81.406.897,52 |
| Other subsidiaries | 244.799.331,32 | 265.712.915,58 |
| **Net book value as at 31 December** | **1.638.667.951,94** | **1.829.247.667,15** |

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 Consortium recognizes these receivables and related capital grants in the statement of financial position.

# Note 11 – Construction Contracts

| | Notes | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| Gross amounts due from customers for contract work | 10 | 40.099.669,83 | 76.140.203,93 |
| Gross amounts due to customers for contract work | 24 | 0,00 | 17.577.443,82 |
| 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 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| 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 | - | 31.128,99 | - | - |
| Inflation swaps | - | 4.898.057,16 | 9.359.141,26 | - |
| **Total** | **311.596.873,41** | **304.951.372,10** | **301.459.279,44** | **422.598.986,55** |
| | | | | |
| 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 | - | - | - | - |
| Inflation swaps | - | 4.898.057,16 | 9.359.141,26 | - |
| | **311.545.711,82** | **269.290.442,86** | **300.544.905,85** | **397.441.518,14** |
| Current part : | | | | |
| Interest rate swaps | 51.161,69 | 31.366.419,75 | 1.499.109,33 | 31.300.121,19 |
| Currency swaps | - | 4.263.380,50 | - 584.735,74 | - 6.142.652,78 |
| Petroleum swap | - | 31.128,99 | - | - |
| Inflation swaps | - | - | - | - |
| | **51.161,69** | **35.660.929,24** | **914.373,59** | **25.157.468,41** |

The Consortium'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 |
|---|---|---|
| **As at 1 January** | **14.429.555,51** | **57.323.881,69** |
| Acquisitions | 92.325.054,72 | 193.415,01 |
| Disposals | - 4.848.508,27 | - 188.959,51 |
| Interest income | 182.427,39 | 408.726,11 |
| Interest received | - 143.685,62 | - 417.636,40 |
| Impairment losses | - 44.620.962,04 | 22.619,51 |
| Adjustment of fair value through other comprehensive income | - | - |
| Translation differences | - | - |
| Business combinations | - | - |
| **As at 31 December** | **57.323.881,69** | **57.342.046,41** |
| Non current | 57.285.139,92 | 57.312.214,93 |
| 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 Consortium'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 | 430.818.876,48 | 434.548.447,36 |
| Materials | 4.828.156,72 | 4.254.967,89 |
| Work in progress | 9.683.687,71 | 5.825.454,14 |
| Finished goods | 6.518.755,32 | 4.044.430,76 |
| **Carrying value** | **451.849.476,23** | **448.673.300,15** |
| Of which: | | |
| Carrying value expected to be recovered within 12 months | - | - |
| Carrying value expected to be recovered in more than 12 months | 451.849.476,23 | 448.673.300,15 |

## 14.2 Impairment of inventories – Impact on net result

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Addition to write-downs on inventories | 84.233.481,18 | 22.951.155,82 |
| Reversal of write-downs on inventories | - 125.981.122,48 | - 5.237.281,28 |
| **Impact on net result** | **- 41.747.641,30** | **17.713.874,54** |

# Note 15 – Cash and cash equivalents

## 15.1 Cash and cash equivalents

| | Note | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| **Cash and cash equivalents** | | | |
| Short-term deposits and commercial paper | | 414.849.145,71 | 532.227.258,18 |
| Cash at bank | | 180.416.986,39 | 148.198.666,36 |
| Cash in hand | | 5.680.898,16 | 7.886.009,54 |
| **Total** | | **600.947.030,26** | **688.311.934,08** |
| **Cash and cash equivalents as in the statement of cash flows** | | | |
| Bank overdrafts used for cash management purposes | 22 | 2.826,93 | 4.002.377,92 |

The Consortium's exposure to financial risks is presented in note 2.

The balance of cash and cash equivalents that is not available to the Consortium 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 |
|---|---|---|
| **Non-current assets held for sale** | | |
| 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 | 27.030.882,00 | 2.572.264,00 |
| Impairment | - | - |
| Translation differences | - | - |
| | | |
| **Total** | **27.197.834,83** | **4.398.273,64** |
| **Liabilities associated with non-current assets held for sale** | | |
| Provisions | - | - |
| Non-current other amounts payable | - | - |
| Current other amounts payable | - | - |
| **Total** | - | - |

An investment property classified as held for sale of 27.030.882,00 EUR as at 31 December 2010 was given in long lease (finance lease) in 2011.

## 16.2 Gains and losses relating to non-current assets held for sale

| | 2010 | 2011 |
|---|---|---|
| **Impairment losses at 1 January** | - 52.833,79 | - 247.895,21 |
| Additions | - 247.895,21 | - 616.705,31 |
| Reversal | 52.833,79 | - |
| **Impairment losses at 31 December** | **- 247.895,21** | **- 864.600,52** |

The additions to and reversals of impairment losses for the period are recorded in the statement of comprehensive income under the section “Deprecia tion and impairment”.

The additions recorded in 2011 mainly concern impairment losses relating to railway rolling stock held for sale, in order to reduce the carrying value to the fair value, after deduction of the costs to sell.

# Note 17 – Business combinations

The Consortium has not realised any business combinations in 2010 and 2011.

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

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

| | SNCB-Holding | | | Infrabel | Total |
|---|---|---|---|---|---|
| | Share of 3,09866906 | Share of 2,47893525 | Dividend-right share | | |
| **At 1 January 2010** | | | | | |
| **CAPITAL** | | | | | |
| Number of shares | 185.304.705,00 | 67.601.997,00 | 20.000.000,00 | 16.636.078,00 | 289.542.780,00 |
| Suscribed amount | 574.197.956,06 | 167.580.973,33 | - | 1.560.075.000,00 | 2.301.853.929,39 |
| Uncalled amount | - | - | - | - 110.013.500,00 | - 110.013.500,00 |
| **Total** | **574.197.956,06** | **167.580.973,33** | **-** | **1.450.061.500,00** | **2.191.840.429,39** |
| Share premium | - | - | - | 299.317.572,80 | **299.317.572,80** |
| **OWN SHARES** | | | | | |
| Number of shares | - | - | 16.516.314,00 | 15.571.332,00 | **32.087.646,00** |
| Amount | - | - | 4.700.468,61 | 1.794.713.786,85 | **1.799.414.255,46** |
| **At 31 December 2010** | | | | | |
| **CAPITAL** | | | | | |
| Number of shares | 185.304.705,00 | 67.601.997,00 | 20.000.000,00 | 16.672.041,00 | 289.578.743,00 |
| Suscribed amount | 574.197.956,06 | 167.580.973,33 | - | 1.531.975.000,00 | 2.273.753.929,39 |
| Uncalled amount | - | - | - | - 81.913.500,00 | - 81.913.500,00 |
| **Total** | **574.197.956,06** | **167.580.973,33** | **-** | **1.450.061.500,00** | **2.191.840.429,39** |
| Share premium | - | - | - | 299.317.572,80 | **299.317.572,80** |
| **OWN SHARES** | | | | | |
| Number of shares | - | - | 16.550.312,00 | 15.607.295,00 | **32.157.607,00** |
| Amount | - | - | 4.727.748,48 | 1.794.713.786,85 | **1.799.441.535,33** |
| **At 31 December 2011** | | | | | |
| **CAPITAL** | | | | | |
| Number of shares | 185.304.705,00 | 67.601.997,00 | 20.000.000,00 | 16.723.647,00 | 289.630.349,00 |
| Suscribed amount | 574.197.956,06 | 167.580.973,33 | - | 1.518.975.000,00 | 2.260.753.929,39 |
| Uncalled amount | - | - | - | - 68.913.500,00 | - 68.913.500,00 |
| **Total** | **574.197.956,06** | **167.580.973,33** | **-** | **1.450.061.500,00** | **2.191.840.429,39** |
| Share premium | - | - | - | 299.317.752,80 | **299.317.752,80** |
| **OWN SHARES** | | | | | |
| Number of shares | - | - | 16.559.686,00 | 15.658.901,00 | **32.218.587,00** |
| Amount | - | - | 4.731.156,54 | 1.794.713.786,85 | **1.799.444.943,39** |

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 represents own shares for the Consortium, as well as the shares held by Financière Rue de France in SNCB Holding's capital.

# Note 19 – Consolidated reserves

| | Attributable to the shareholders | | | | | Non-controlling interests |
|---|---|---|---|---|---|---|
| | Retained earnings through the IFRS transition | Consolidation diifferences | Revaluation gains | Retained earnings | Total | |
| **At 1 January 2010** | **360.606.722,49** | **24.836.005,19** | **4.079.835,98** | **- 804.063.168,93** | **- 414.540.605,27** | **6.508.641,22** |
| Net income in 2010: | | | | | | |
| consolidated entities | - | - | - | - 330.862.346,64 | - 330.862.346,64 | 309.637,01 |
| interests under equity method | - | - | - | 4.783.764,86 | 4.783.764,86 | - 163.717,10 |
| Other comprehensive income 2010 | - | - | - | | | - |
| consolidated entities | - | - | - | 4.992.761,66 | 4.992.761,66 | - 32,86 |
| interests under equity method | - | - | - | 14.132.483,85 | 14.132.483,85 | - |
| | | | | | | - |
| Change in scope 2010 | 148.603,59 | 204,13 | - | - | 148.807,72 | - 464.231,03 |
| Dividends paid to non-controlling interests | | | | | | - 39,00 |
| Other movements in equity | | | | | | |
| Transfers | - | - | - | - | - | - |
| **Net Carrying value at 31 december 2010** | **360.755.326,08** | **24.836.209,32** | **4.079.835,98** | **- 1.111.016.505,20** | **- 721.345.133,82** | **6.190.258,24** |
| **At 1 January 2011** | **360.755.326,08** | **24.836.209,32** | **4.079.835,98** | **- 1.111.016.505,20** | **- 721.345.133,82** | **6.190.258,24** |
| Net income in 2011: | | | | | | |
| consolidated entities | - | - | - | - 356.159.514,33 | - 356.159.514,33 | 1.102.389,39 |
| interests under equity method | - | - | - | 3.449.292,34 | 3.449.292,34 | 417.369,17 |
| Other comprehensive income 2011 | - | - | - | - | | - |
| consolidated entities | - | - | - | 1.029.445,78 | 1.029.445,78 | - 95,31 |
| interests under equity method | - | - | - | 2.447.371,97 | 2.447.371,97 | - 0,03 |
| | - | - | - | - | - | - |
| Change in scope 2011 | | - 49.066,89 | - | 45.869,72 | - 3.197,17 | - 485.435,00 |
| Dividends paid to non-controlling interests | | | | | | - 19.113,83 |
| Other movements in equity | | - | - | - 12.247,38 | - 12.247,38 | - 1.539,52 |
| Transfers | - | - | - | 0,36 | 0,36 | 0,02 |
| **Net Carrying value at 31 december 2011** | **360.755.326,08** | **24.787.142,43** | **4.079.835,98** | **- 1.460.216.286,74** | **- 1.070.593.982,25** | **7.203.833,13** |

# 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 |
|---|---|---|
| **Liability in the statement of financial position** | | |
| Post-employment benefits | 394.935.044,46 | 380.170.575,32 |
| Other long-term benefits | 25.012.118,49 | 26.707.461,62 |
| Termination benefits | 118.206.068,79 | 106.731.579,18 |
| **Total liability in the statement of financial position** | **538.153.231,74** | **513.609.616,12** |
| - current | 41.829.784,80 | 40.574.025,25 |
| - non current | 496.323.446,94 | 473.035.590,87 |

### *20.1.1 Description of the employee benefits*

**a. <u>Post-employment benefits</u>**

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 Consortium, 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 Consortium 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 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 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 Consortium 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, wich 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 Consortium 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 January 2007, the Belgian State took over the pension liabilities for the statutory employees, which were previously borne by the Consortium. The liability of the Consortium 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 | | | | 31/12/2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Post employment benefits | Other long term benefits | Termination benefits | Total | Post employment benefits | Other long term benefits | Termination benefits | Total |
| **Funded status** | | | | | | | | |
| Defined benefit obligation end of period (+) | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | 538.153.231,74 | 380.170.575,32 | 26.707.461,62 | 106.731.579,18 | 513.609.616,12 |
| Fair value of plan assets end of period (-) | - | - | - | - | - | - | - | - |
| **Total** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | 538.153.231,74 | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | 513.609.616,12 |
| **Amount recognised in the statement of financial position** | | | | | | | | |
| Unrecognised past service cost | - | - | - | - | - | - | - | - |
| Unrecognised gains (+) / losses (-) | - | - | - | - | - | - | - | - |
| Amounts not recognized due to limit of paragraph 58(b) | - | - | - | - | - | - | - | - |
| **Net liability / (asset)** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | **513.609.616,12** |
| **Defined benefit obligation end of period :** | | | | | | | | |
| For unfunded plans | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | 538.153.231,74 | 380.170.575,32 | 26.707.461,62 | 106.731.579,18 | 513.609.616,12 |
| For funded plans | - | - | - | - | - | - | - | - |
| **Total** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | **513.609.616,12** |

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

| | Notes | 31/12/2010 Post employment benefits | 31/12/2010 Other long term benefits | 31/12/2010 Termination benefits | 31/12/2010 Total | 31/12/2011 Post employment benefits | 31/12/2011 Other long term benefits | 31/12/2011 Termination benefits | 31/12/2011 Total |
|---|---|---|---|---|---|---|---|---|---|
| **Total expense** | | | | | | | | | |
| Current service cost (+) | | 12.145.449,98 | 1.634.676,84 | 2.458.921,62 | 16.239.048,44 | 10.320.746,53 | 2.105.642,96 | 4.309.669,30 | 16.736.058,79 |
| 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 (+) | | - | 2.116.465,90 | - 2.184.624,02 | - 68.158,12 | - | 1.869.675,93 | - 964.469,37 | 905.206,56 |
| 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 | | - | - | - | - | - | - | - | - |
| **Total expense** | | **29.365.608,70** | **4.384.021,22** | **25.260.301,16** | **59.009.931,08** | **27.780.105,05** | **4.789.491,30** | **6.433.036,61** | **39.002.632,96** |
| included in : | | | | | | | | | |
| payroll and related benefits | 29.1 | **12.366.623,54** | **3.568.508,74** | **22.186.270,50** | **38.121.402,78** | **10.320.746,53** | **3.975.318,89** | **3.345.199,93** | **17.641.265,35** |
| 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 | | **- 3.975.692,59** | **-** | **-** | **- 3.975.692,59** | **- 21.978.264,86** | **-** | **-** | **- 21.978.264,86** |

The Consortium has chosen to recognize 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 Consortium relating to defined contribution plans amounts to 5.676.950,96 EUR (2010: 3.689.857,12 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 Post employment benefits | 31/12/2010 Other long term benefits | 31/12/2010 Termination benefits | 31/12/2010 Total | 31/12/2011 Post employment benefits | 31/12/2011 Other long term benefits | 31/12/2011 Termination benefits | 31/12/2011 Total |
|---|---|---|---|---|---|---|---|---|
| **Defined benefit obligation** | | | | | | | | |
| **As at 1 January (+)** | **390.240.169,03** | **23.918.999,51** | **110.483.724,58** | **524.642.893,12** | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | **538.153.231,74** |
| Current service cost (+) | 12.145.449,98 | 1.634.676,84 | 2.458.921,62 | **16.239.048,44** | 10.320.746,53 | 2.105.642,96 | 4.309.669,30 | **16.736.058,79** |
| 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** |
| Past service cost (+) / profit (-) | - | - | - | **-** | - | - | - | **-** |
| Employee contributions (+) | - | - | - | **-** | - | - | - | **-** |
| Benefits paid (-) | - 20.695.040,68 | - 3.290.902,24 | - 17.537.956,95 | **- 41.523.899,87** | - 20.566.309,33 | - 3.094.148,17 | - 17.907.526,22 | **- 41.567.983,72** |
| Actuarial gains (+) / losses (-) | - 3.975.692,59 | 2.116.465,90 | - 2.184.624,02 | **- 4.043.850,71** | - 21.978.264,86 | 1.869.675,93 | - 964.469,37 | **- 21.073.058,30** |
| Curtailment | 221.173,56 | - 182.634,00 | 21.911.972,90 | **21.950.512,46** | - | - | - | **-** |
| Settlement | - | - | - | **-** | - | - | - | **-** |
| **Defined benefit obligation as at 31 December (+)** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | **513.609.616,12** |

| | 31/12/2010 Post employment benefits | 31/12/2010 Other long term benefits | 31/12/2010 Termination benefits | 31/12/2010 Total | 31/12/2011 Post employment benefits | 31/12/2011 Other long term benefits | 31/12/2011 Termination benefits | 31/12/2011 Total |
|---|---|---|---|---|---|---|---|---|
| **Fair value of plan assets** | | | | | | | | |
| **As at 1 January (+)** | - | - | - | - | - | - | - | - |
| Employer contributions / benefits paid directly paid by employer (+) | 20.695.040,68 | 3.290.902,24 | 17.537.956,95 | 41.523.899,87 | 20.566.309,33 | 3.094.148,17 | 17.907.526,22 | 41.567.983,72 |
| Employee contributions (+) | - | - | - | - | - | - | - | - |
| Benefits paid (-) | - 20.695.040,68 | - 3.290.902,24 | - 17.537.956,95 | - 41.523.899,87 | - 20.566.309,33 | -3.094.148,17 | - 17.907.526,22 | - 41.567.983,72 |
| Actuarial gains (+) / losses (-) | - | - | - | - | - | - | - | - |
| Settlements | - | - | - | - | - | - | - | - |
| **As at 31 December (+)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

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 |
| **Funded status** | | | | | | | | |
| Defined benefit obligation as 1 January (+) | 390.240.169,03 | 23.918.999,51 | 110.483.724,58 | 524.642.893,12 | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | 538.153.231,74 |
| Fair value of plan assets as 1 January (+) | - | - | - | - | - | - | - | - |
| **Total** | **390.240.169,03** | **23.918.999,51** | **110.483.724,58** | **524.642.893,12** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** |
| Unrecognised past service cost | - | - | - | - | - | - | - | - |
| Unrecognised gains (+) / losses (-) | - | - | - | - | - | - | - | - |
| Amounts not recognized due to limit of paragraph 58(b) | - | - | - | - | - | - | - | - |
| **Total liability in the statement of financial position** | | | | | | | | |
| **As at 1 January** | 390.240.169,03 | 23.918.999,51 | 110.483.724,58 | 524.642.893,12 | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | 538.153.231,74 |
| Total expense recognised in the profit or loss | 29.365.608,70 | 4.384.021,22 | 25.260.301,16 | 59.009.931,08 | 27.780.105,05 | 4.789.491,30 | 6.433.036,61 | 39.002.632,96 |
| Actuarial gains (-) / losses (+) in other comprehensive income | - 3.975.692,59 | - | - | - 3.975.692,59 | - 21.978.264,86 | - | - | - 21.978.264,86 |
| Employer contributions / benefits paid directly paid by employer (-) | - 20.695.040,68 | - 3.290.902,24 | - 17.537.956,95 | - 41.523.899,87 | - 20.566.309,33 | - 3.094.148,17 | - 17.907.526,22 | - 41.567.983,72 |
| **As at 31 December** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | **513.609.616,12** |
| **Cumulative actuarial gains (-) / losses (+) in other comprehensive income** | **- 3.975.692,59** | **-** | **-** | **- 3.975.692,59** | **- 25.953.957,45** | **-** | **-** | **- 25.953.957,45** |

For 2012, the Consortium expects that the contributions and benefits paid directly by the entitites 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 |
| **Funded status** | | | | | | | | |
| Defined benefit obligation (+) | 394.935.044,46 | 25.012.118,49 | 118.206.068,79 | 538.153.231,74 | 380.170.575,32 | 26.707.461,62 | 106.731.579,18 | 513.609.616,12 |
| Fair value of plan assets (-) | - | - | - | - | - | - | - | - |
| **Funded status** | **394.935.044,46** | **25.012.118,49** | **118.206.068,79** | **538.153.231,74** | **380.170.575,32** | **26.707.461,62** | **106.731.579,18** | **513.609.616,12** |
| **Total (gain) / loss on defined benefit obligation** | | | | | | | | |
| (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 | - 2.457.469,80 | 1.786.975,90 | - 2.760.525,72 | - 3.431.019,62 | - 74.133.805,86 | 1.561.542,80 | - 2.025.569,20 | - 74.597.832,26 |
| **Total (gain) / loss on defined benefit obligation** | **- 3.975.692,59** | **2.116.465,90** | **- 2.184.624,02** | **- 4.043.850,71** | **- 21.978.264,86** | **1.869.675,93** | **- 964.469,37** | **- 21.073.058,30** |
| **Actual return on plan assets** | | | | | | | | |
| Expected return on plan assets (+) | - | - | - | - | - | - | - | - |
| Experience gain / (loss) on pln assets | - | - | - | - | - | - | - | - |
| **Actual return on plan assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## 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 Consortium. The assumption for medical costs increase (including inflation) was determined based on the current contract. All assumptions represent the best estimate of the Consortium.

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

| | 1% increase | 1% decrease |
|---|---|---|
| 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 |
|---|---|---|---|---|
| **As at 1 January 2010** | 96.364.355,35 | 149.876.345,32 | 54.834.487,60 | **301.075.188,27** |
| Of which: | | | | |
| Non current | 66.693.657,87 | 141.208.711,24 | 43.962.987,85 | **251.865.356,96** |
| Current | 29.670.697,48 | 8.667.634,08 | 10.871.499,75 | **49.209.831,31** |
| Included in statement of comprehensive income : | | | | |
| Increase | 49.629.967,05 | 31.045.363,04 | 4.632.331,68 | **85.307.661,77** |
| Use | - 6.092.686,81 | - 4.598.163,22 | - 1.430.585,74 | **- 12.121.435,77** |
| Reversal | - 57.911.636,68 | - 14.335.012,11 | - 11.758.930,22 | **- 84.005.579,01** |
| Changes in interest rates | 512.599,32 | 3.313.296,71 | - | **3.825.896,03** |
| Finance charges | 1.576.594,11 | 3.084.171,50 | - | **4.660.765,61** |
| **As at 31 December 2010** | **84.079.192,34** | **168.386.001,24** | **46.277.303,32** | **298.742.496,90** |
| Of which: | - | | | |
| Non current | 48.856.915,87 | 158.874.089,10 | 35.785.925,88 | **243.516.930,85** |
| Current | 35.222.276,47 | 9.511.912,14 | 10.491.377,44 | **55.225.566,05** |

| | Legal claims | Environmental provisions | Other provisions | Total |
|---|---|---|---|---|
| **As at 1 January 2011** | 84.079.192,34 | 168.386.001,24 | 46.277.303,32 | **298.742.496,90** |
| Included in statement of comprehensive income : | | | | |
| Increase | 17.041.035,69 | 2.940.894,11 | 55.332.624,14 | **75.314.553,94** |
| Use | - 8.940.052,56 | - 1.731.240,82 | - 9.130.096,43 | **- 19.801.389,81** |
| Reversal | - 23.353.237,63 | - 2.127.326,75 | - 3.927.244,31 | **- 29.407.808,69** |
| Changes in interest rates | 1.072.913,23 | 4.598.414,18 | - | **5.671.327,41** |
| Finance charges | 874.956,79 | 3.331.083,49 | - | **4.206.040,28** |
| **As at 31 December 2011** | **70.774.807,86** | **175.397.825,45** | **88.552.586,72** | **334.725.220,03** |
| Of which: | | | | |
| Non current | 38.345.587,43 | 158.949.168,99 | 35.543.452,08 | **232.838.208,50** |
| Current | 32.429.220,43 | 16.448.656,46 | 53.009.134,64 | **101.887.011,53** |

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 Consortium, 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 Consortium 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 Consortium. For additional information on the Consortium'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.

| | Notes | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| **Non current financial liabilities** | | | |
| Bank borrowing | | 2.146.234.008,84 | 2.381.323.923,33 |
| Bonds | | 784.346.202,39 | 865.204.373,60 |
| Financial lease liabilities | 22.2 | 12.712.821,56 | 11.169.610,87 |
| Other financial liabilities | | 1.396.111.223,32 | 1.333.155.594,40 |
| **Total** | | **4.339.404.256,11** | **4.590.853.502,20** |
| **Current financial liabilities** | | | |
| Bank overdrafts | 15 | 2.826,93 | 4.002.377,92 |
| Bank borrowing | | 207.744.040,56 | 344.674.041,95 |
| Bonds | | 110.928.700,88 | 9.949.018,33 |
| Financial lease liabilities | 22.2 | 1.318.140,87 | 1.378.882,10 |
| Other financial liabilities | | 614.461.507,00 | 349.927.209,10 |
| **Total** | | **934.455.216,24** | **709.931.529,40** |
| **Total financial debts** | | **5.273.859.472,35** | **5.300.785.031,60** |

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| **Non current :** | | |
| Parent companies | 4.326.099.783,82 | 4.581.185.814,02 |
| SNCB | - | - |
| SNCB Logistics | - | - |
| Other subsidiaries | 13.304.472,29 | 9.667.688,18 |
| **Carrying value as at 31 December** | **4.339.404.256,11** | **4.590.853.502,20** |
| **Current :** | | |
| Parent companies | 931.550.842,43 | 691.247.511,71 |
| SNCB | 508,91 | - |
| SNCB Logistics | - | 4.000.000,00 |
| Other subsidiaries | 2.903.864,90 | 14.684.017,69 |
| **Carrying value as at 31 December** | **934.455.216,24** | **709.931.529,40** |

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 equivalents".

## 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 |
|---|---|---|---|---|
| **Present value of future minimum lease payments - 31/12/2010** | | | | |
| Future minimum lease payments | 2.156.360,24 | 7.818.622,51 | 9.525.663,30 | 19.500.646,05 |
| Interest / Future finance charges on contracts | - 838.219,37 | - 2.782.879,81 | - 1.848.584,44 | - 5.469.683,62 |
| **Total** | **1.318.140,87** | **5.035.742,70** | **7.677.078,86** | **14.030.962,43** |
| **Present value of future minimum lease payments - 31/12/2011** | | | | |
| Future minimum lease payments | 2.156.360,24 | 7.100.831,25 | 7.852.834,94 | 17.110.026,43 |
| Interest / Future finance charges on contracts | - 777.478,14 | - 2.354.479,24 | - 1.429.576,08 | - 4.561.533,46 |
| **Total** | **1.378.882,10** | **4.746.352,01** | **6.423.258,86** | **12.548.492,97** |

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 |
|---|---|---|---|---|
| **Current taxes** | | | | |
| Current tax assets | | 2.249,86 | | 5,00 |
| Current tax payables | - | 1.034.424,82 | - | 2.180.035,88 |
| **Net position of current taxes** | **-** | **1.032.174,96** | **-** | **2.180.030,88** |
| | | | | |
| **Deferred taxes** | | | | |
| Deferred tax assets | | 124.717.730,36 | | 159.934.494,72 |
| Deferred tax liabilities | - | 17.132,90 | - | 7.918,65 |
| **Net position of deferred taxes** | | **124.700.597,46** | | **159.926.576,07** |

Movements of the year can be summarised as follows:

| | | 31/12/2010 | | 31/12/2011 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| **At 1 January** | | 96.620.145,37 | | 124.700.597,46 |
| Tax recognised in net result | | 26.456.599,90 | | 55.551.538,99 |
| Tax recognised in other comprehensive income | | 1.017.036,20 | - | 20.948.914,40 |
| Taxes trough equity | | 606.815,99 | | 623.354,02 |
| **At 31 December** | | **124.700.597,46** | | **159.926.576,07** |

| | Statement of financial position | |
|---|---|---|
| | **31/12/2010** | **31/12/2011** |
| **Deferred tax assets** | | |
| Tax losses carried forward | 161.506.323,45 | 158.396.880,74 |
| Liabilities for employee benefits | 30.568.762,63 | 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 | 733.328,00 | 163.685,00 |
| **Gross deferred tax assets** | **216.810.561,23** | **239.161.710,67** |
| | | |
| **Deferred tax liabilities** | | |
| Untaxed reserves | 30.560.199,42 | 30.409.216,64 |
| Property, plant and equipment | 585.827,25 | 7.375.640,08 |
| Provisions | 60.963.947,10 | 41.450.277,88 |
| **Gross deferred tax liabilities** | **92.109.973,77** | **79.235.134,60** |
| | | |
| **Net position of deferred taxes** | **124.700.587,46** | **159.926.576,07** |

Deferred tax assets relating to recoverable tax losses and to tax credits are recorded as long as recovery is probable. The Consortium did not recognize deferred tax assets of 1.652.179.656,75 EUR at 31 December 2011 relating to recoverable tax losses of 3.930.169.773,74 EUR and to tax credits of 545.142.756,74 EUR. Recovery of tax losses and tax credits is not limited in time except for 186.084.198,99 EUR which is recoverable during a period of 7 years.

# Note 24 – Trade and other payables

| | Notes | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| **Non-current trade payables** | | | |
| Suppliers | | - | 2.520.000,00 |
| Advances received from clients for contract work | 11 | 20.000.000,00 | 27.742.524,57 |
| Amounts due to customers for contract work | | - | 17.577.443,82 |
| Other payables | | - | - |
| **Total** | | **20.000.000,00** | **47.839.968,39** |
| **Current trade payables** | | | |
| Suppliers | | 754.198.728,10 | 997.697.104,48 |
| Amounts due to customers for contract work | 11 | - | - |
| Other payables | | 53.755.956,24 | 46.498.590,94 |
| **Total** | | **807.954.684,34** | **1.044.195.695,42** |
| **Total trade and other payables** | | **827.954.684,34** | **1.092.035.663,81** |

# Note 25 – Social debts

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Withholding tax | 43.730.312,79 | 45.130.228,26 |
| Social security contributions | 28.415.828,29 | 27.260.184,05 |
| Wages and compensation | 256.022.904,44 | 362.189.040,41 |
| Holiday pay | 114.575.181,41 | 15.990.045,83 |
| Other social debts | 133.813.057,73 | 111.569.396,54 |
| **Total** | **576.557.284,66** | **562.138.895,09** |
| **Of which:** | | |
| Social debts that are due | 2.871.803,88 | 2.361.289,11 |
| Social debts not yet due | 573.685.480,78 | 559.777.605,98 |

# Note 26 - Grants

## 26.1 Investment grants

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

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| **Investment grants** | | |
| As at 1 January | 15.899.384.370,16 | 16.827.754.773,96 |
| New grants | 1.529.096.634,35 | 1.771.781.028,51 |
| Allocated to Property, plant and equipement and to intangible assets | - 600.726.230,55 | - 704.554.604,75 |
| Other movements | | |
| **Balance as at 31 December** | **16.827.754.773,96** | **17.894.981.197,72** |
| **Of which :** | | |
| Non current | 16.256.572.060,61 | 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 |
|---|---|---|
| **New operating grants** | | |
| 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 |
| Subsidiaries freight sector | 20.199.947,39 | 21.783.491,69 |
| Other subsidiaries | 24.607,50 | 19.519,78 |
| **Total** | **1.348.754.533,26** | **1.368.091.198,31** |

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** |
|---|---|---|
| **Financial grants to be received** | | |
| **As at 1 January** | 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 |
| Other movements in net result | 0,00 | 0,00 |
| **Balance as at 31 December** | **14.616.123,44** | **14.275.246,72** |

# Note 27 – Other amounts payable

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| **Other amounts payable - non current** | | |
| Deferred income (excluding fees relating to cross border arrangements) | - | 149.669,21 |
| Accrued expenses | - | - |
| Debts to related parties | 96.192,89 | 8.618.345,24 |
| VAT, taxes and withholding tax to be paid | - | |
| Deferred fees relating to cross-border arrangements and guarantees | 116.337.702,25 | 108.874.737,09 |
| Funds managed for third parties | 232.922.020,15 | 163.925.315,36 |
| Other | 12.247,89 | 12.247,89 |
| **Total** | **349.368.163,18** | **281.580.314,79** |
| **Other amounts payable - current** | | |
| Deferred income (excluding fees relating to cross-border arrangements) | 306.817.221,79 | 444.155.737,51 |
| Accrued expenses | 24.185.267,24 | 63.070.361,02 |
| Debts to related parties | - 5.218.767,23 | 3.974.319,10 |
| VAT, taxes and withholding tax to be paid | 55.466.322,57 | 46.475.874,37 |
| Funds managed for third parties | 472.914.022,86 | 341.014.000,00 |
| Dividends, guarantees and non-allocated funds | 24.985.288,21 | 12.130.760,38 |
| Other | 67.570.545,31 | 10.164.725,72 |
| **Total** | **946.719.900,75** | **920.985.778,10** |
| **TOTAL OTHER AMOUNTS PAYABLE** | **1.296.088.063,93** | **1.202.566.092,89** |

# Note 28 – Operating income and expenses

## 28.1 Operating income

### *28.1.1 Turnover*

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Transport | 1.467.902.524,17 | 1.519.841.089,54 |
| *B-Mobility* | *624.617.868,17* | *638.151.438,68* |
| *B-Europe* | *236.838.437,50* | *232.940.780,40* |
| *Goods* | *606.446.218,50* | *648.748.870,46* |
| Real estate management | 227.945.651,69 | 167.339.548,86 |
| Services - studies and assistance | 15.943.010,58 | 67.788.816,17 |
| Services- information technology | 43.953.210,23 | 37.971.017,51 |
| Detached personnel | 28.444.933,12 | 26.813.645,34 |
| Miscellaneous | 87.999.134,41 | 43.251.681,36 |
| **Total turnover** | **1.872.188.464,20** | **1.863.005.798,78** |

### *28.1.2 Other operating income*

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Increase/decrease in finished goods and work in progress | - 4.162.321,73 | - 1.353.258,98 |
| Gain on sale of intangible assets, property, plant and equipment, and investment property | 45.366.910,25 | 29.466.194,52 |
| Economic recovery | 14.862.998,62 | 14.304.929,94 |
| NPV operated on cross-border arrangements | 21.316.866,97 | 20.162.594,41 |
| Expenses recharges | 3.462.486,33 | 3.953.266,17 |
| Miscellaneous operating income (fines, etc.) | 63.723.984,56 | 27.981.546,83 |
| Other | 10.173.550,06 | 15.067.651,11 |
| **Total other operating income** | **154.744.475,06** | **109.582.924,00** |

## 28.2 **Operating expenses**

### *28.2.1 Services and other goods*

| | 31/12/2010 | 31/12/2011 |
|---|---|---|
| Rent and rental charges | 191.607.316,36 | 147.812.468,39 |
| Maintenance and repairs | 193.091.291,76 | 161.733.247,74 |
| Goods | 369.756.008,51 | 381.227.131,51 |
| Supplies | 242.027.495,04 | 274.339.948,00 |
| Expenses related to operational activities | 46.003.542,84 | 74.626.167,31 |
| Payments to third parties | 341.230.032,55 | 251.595.106,47 |
| Contributions | 36.380.680,12 | 40.477.158,79 |
| Provisions for risks and charges | 2.712.449,60 | 23.379.255,14 |
| Oher | 105.896.261,15 | 165.322.930,74 |
| **Total services and other goods** | **1.528.705.077,93** | **1.520.513.414,09** |

### *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 | 3.230.143,75 | 13.653.467,99 |
| Impairments on trade and other receivables | 13.081.699,19 | 25.131.092,60 |
| Impairment on contracts in progress | 16.910.454,06 | 7.785.288,47 |
| Impairment on inventories | - 41.747.641,30 | 17.713.874,54 |
| Other operating expenses | 17.352.120,07 | 20.069.304,13 |
| **Total other operating expenses** | **8.826.775,77** | **84.353.027,73** |

# Note 29 – Employee benefit expenses

## 29.1 Employee benefit expenses

| | Notes | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| Wages, salaries and other short-term benefits | | 1.824.637.893,09 | 1.870.625.658,63 |
| Social security expenses | | 403.650.309,99 | 372.817.891,79 |
| Defined contribution plans | | 3.689.857,12 | 5.676.950,96 |
| Post-employment benefits | 20 | 12.366.623,54 | 10.320.746,53 |
| Other long-term employee benefits | 20 | 3.568.508,74 | 3.975.318,99 |
| Termination benefits | 20 | 22.186.270,50 | 3.345.199,93 |
| Other | | 52.998.038,42 | 24.641.883,93 |
| **Total employee benefit expenses** | | **2.323.097.501,40** | **2.291.403.650,76** |

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 |
|---|---|---|
| **A. Staff** | | |
| **Average number of employees (in FTE)** | **39.162** | **38.045** |
| Blue-collar workers | 21.191 | 20.092 |
| White-collar workers | 17.166 | 17.150 |
| Management | 802 | 767 |
| Others | 3 | 36 |
| **B. Interim personnel and employees temporarily transferred** | | |
| Average number of employees (in FTE) | 153 | 249 |

# Note 30 – Financial income and expenses

## 30.1 Financial income

| | Note | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| 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 | | 26.163.448,81 | 30.313.662,52 |
| loans and receivables on which an impairment has been recorded | | 6.510,17 | 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 | | 39.951.890,13 | 9.238.093,54 |
| Gain on disposal of loans and receivables | | - | - |
| Dividends received | | 3.364.000,30 | 619.777,19 |
| Other financial income | | 15.274.647,26 | 15.969.620,72 |
| **Total financial income** | | **285.442.842,13** | **309.125.328,43** |

## 30.2 Financial expenses

| | Notes | 31/12/2010 | 31/12/2011 |
|---|---|---|---|
| Interest expenses on: | | | |
| financial debts at amortised cost | | 76.839.521,55 | 104.500.463,96 |
| 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 | | 20.888.528,30 | 21.361.367,61 |
| provisions | | 4.660.765,61 | 4.206.040,28 |
| 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 | | 12.348.943,29 | 32.044,99 |
| Loss on disposal of loans and receivables | | - | - |
| Losses from foreign exchange differences | | 39.268.559,19 | 8.411.231,49 |
| Other financial expenses | | - 37.594.047,35 | - 24.607.398,55 |
| **Total financial expenses** | | **453.667.528,97** | **505.159.652,39** |

# 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 for each of the two reporting periods ending 31 December:

| | 2010 | 2011 |
|---|---|---|
| **Comprehensive income before tax** | **- 329.385.137,00** | **- 379.503.437,77** |
| Income taxes calculated based on tax rate of 33,99% | 111.958.008,07 | 129.873.129,81 |
| Variation due to the recognition of deferred taxes | - 70.652.946,53 | - 125.532.016,61 |
| Effect of disallowed expenses | - 26.164.375,03 | - 24.096.857,94 |
| Tax-free results | - 43.799,00 | 47.229.424,62 |
| Notional interest deduction | 6.380.863,26 | 6.551.861,27 |
| Definitively taxed income | 197.704,03 | - 119.177,51 |
| Other permanent differences | 902.232,97 | 696.260,95 |
| **Total tax (expense)/income on total comprehensive income** | **22.577.687,77** | **34.602.624,59** |

## 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 Consortium 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 Consortium 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 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Trade and other receivables | Loans and receivables at amortised cost | 997.240.651,03 | 997.240.651,03 | 984.849.785,14 | 984.851.523,32 |
| 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 | 57.285.139,92 | 57.285.139,92 | 57.312.214,93 | 57.312.214,93 |
| | 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 | 870.311.348,16 | 940.988.301,78 | 785.007.805,40 | 807.199.304,03 |
| **Total** | | **2.979.619.309,18** | **3.050.296.262,80** | **2.909.360.172,99** | **2.931.553.409,80** |
| **Current assets** | | | | | |
| Trade and other receivables | Loans and receivables at amortised cost | 1.398.555.274,48 | 1.398.555.274,48 | 1.706.556.390,61 | 1.706.556.390,61 |
| 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 | 141.795.993,52 | 109.643.330,70 | 114.504.117,50 | 103.924.269,89 |
| | Investments held to maturity at amortised cost | 397.166.324,27 | 397.166.324,27 | 226.117.276,33 | 226.117.276,33 |
| **Total** | | **2.066.404.557,32** | **2.034.251.894,50** | **2.116.294.378,73** | **2.105.714.531,12** |

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 |
|---|---|---|---|---|---|
| **Non-current financial liabilities** | | | | | |
| Financial liabilities | Financial liabilities at amortised cost | 3.365.127.529,52 | 3.481.746.214,60 | 3.629.546.246,05 | 3.669.814.296,39 |
| | 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 | - | - | 2.520.000,00 | 2.520.000,00 |
| Other liabilities | Financial liabilities at amortised cost | 233.719.286,96 | 233.719.286,96 | 175.040.714,45 | 175.040.714,45 |
| **Total** | | **4.842.413.985,93** | **4.959.032.671,01** | **5.165.855.734,79** | **5.206.123.785,13** |
| **Current financial liabilities** | | | | | |
| Financial liabilities | Financial liabilities at amortised cost | 697.810.530,54 | 665.336.305,37 | 561.367.338,15 | 550.741.045,30 |
| | 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 | 807.954.684,34 | 807.954.684,34 | 1.044.195.695,42 | 1.044.195.695,42 |
| Other liabilities | Financial liabilities at amortised cost | 639.524.427,27 | 639.524.427,27 | 476.504.004,47 | 476.504.004,47 |
| **Total** | | **2.417.595.257,09** | **2.385.121.031,92** | **2.255.788.697,70** | **2.245.162.404,85** |

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 Consortium entered into several cross-border leasing transactions (assets sold or leased to a Trust, and then immediately leased back to the Consortium) 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 Consortium kept the property, plant and equipment on its statement of financial position and did not recognize 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 Consortium'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 Consortium used derivatives in order to hedge interest rate and foreign exchange risks. In those cases the Consortium 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 Consortium 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 Consortium 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 Consortium 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 Consortium amount to 1.457.169.763,51 EUR (1.508.000.679,36 EUR) as at 31 December 2011 (2010).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 92.618.348,31 EUR as at 31 December 2011, of which 18.797.671,72 EUR in less than a year, 55.466.734,32 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 Consortium 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 Consortium 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 Consortium on own assets amount to 1.106.523.432,13 EUR (1.117.540.395,61 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 **Consolidated companies**

The list of subsidiaries is included in note 5.

## 36.2 **Relations with the State**

### *36.2.1 Holding interests*

The Belgian State is the ultimate and principal shareholder of SNCB Holding and of Infrabel, the two parent companies in the Consortium.

### *36.2.2 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 Consortium 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.

### *36.2.3 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.

## 36.3 **Relations between the companies of the Consortium**

In the ordinary course of performance of the management contract, the companies of the Consortium 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.

## 36.4 **Figures relating to relations with public authorities and interests under equity method**

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 realized with interests under equity method | 135.780.636,49 | 82.610.741,73 |
| Net receivables on interests under equity method | 43.529.778,50 | 24.581.417,12 |
| Net receivables on public authorities | 1.592.960.823,39 | 1.825.949.617,86 |
| Debts to interests under equity method | 26.911.337,42 | 22.161.663,92 |

These transactions were concluded at normal market conditions.

## 36.5 **Relations with key management**

The directors and the members of the management committees of SNCB Holding and Infrabel are considered as key management of the Consortium.

The total amount of compensation provided to directors and members of the management committees amount to 3.799.076,36 EUR in 2011 and 3.784.201,71 EUR in 2010. The directors did not receive any loans or advances from the Consortium. 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 Consortium, 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 | 3.725.551,05 | 3.730.766,68 |
| Termination benefits | - | - |
| Post-employment benefits | 58.650,66 | 68.309,68 |
| Other long-term employee benefits | - | - |
| **Total** | **3.784.201,71** | **3.799.076,36** |

No loans were granted to key management.

# Note 37 – Auditors fees

In 2011, the Consortium recorded an amount of 1.538.533,86 EUR for auditor fees as part of the statutory audit assignment, and an amount of 219.010,02 EUR for non-audit services provided by the auditor and associated firms.

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 | 1.195.141,48 | - | 1.538.533,86 | 18.480,00 |
| Assignments related to tax consultancy | - | 1.222,50 | 141.123,58 | 15.724,75 |
| Other assignments | 253.751,30 | 234.000,00 | 77.886,44 | 3.840,00 |
| **Total** | **1.448.892,78** | **235.222,50** | **1.757.543,88** | **38.044,75** |

## Note 38 – Events after the reporting date

No significant event impacting the financial statements of the Consortium has been observed after the reporting date.

3

CONSOLIDATED ACCOUNTS
OF THE SNCB GROUP **2011**

# MANAGEMENT REPORT

**Consolidated management report relating to the consolidated financial statements for 2011**

### Preliminary report

Since 2005, with the new structure given to the SNCB Group by the Belgian State, the consolidated financial statements have been prepared on a consortium basis.
In fact, although SNCB/NMBS is wholly owned by SNCB/NMBS-Holding and is therefore consolidated according to the full consolidation method, the same does not apply to Infrabel because, despite holding a substantial stake in this company, SNCB/NMBS-Holding:

- holds only less than 20% of the voting rights;
- does not have the power to appoint the majority of the directors;
- has the power to co-ordinate, but has no control.

As a result, both companies are considered as being under a single management by virtue of the Management Contracts entered into with the State that foresee a close collaboration in order to meet the assigned targets.
SNCB/NMBS-Holding and Infrabel are thus each a consolidating company and, pursuant to the provisions of articles 110 and 111 of the Companies Code, the two companies forming the consortium are jointly obliged to prepare and publish a management report on the consolidated financial statements.

## Evolution in activities and results

Application of IFRS (International Financial Reporting Standards)
In accordance with the commitments undertaken in the Management Contract entered into between the Belgian State and each of the three large entities forming the SNCB/NMBS Group, the consolidated financial statements for the financial year 2011 are prepared by applying IFRS.
As this is the first time these standards have been applied to the SNCB/NMBS Group financial statements, the comparative figures of the previous year, originally prepared under Belgian GAAP, had to be restated to comply with IFRS.
The notes accompanying the consolidated financial statements give the details of the changes applied.

Consolidation scope
The consolidation scope encompasses all the companies that form the SNCB/NMBS Group and these are included in the consolidated financial statements according to the two techniques admitted under IFRS, depending on whether or not the Group has control of the company, namely full consolidation and equity method.
Particular reference should be made to the case of L.A. Group, in liquidation, which, as such, previously has been accounted for in the consolidated financial statements using the equity method. Given the fact that this company will be absorbed in 2012 by SNCB/NMBS-Holding, it was decided to fully consolidate it in the current consolidated accounts.
In addition, IFRS does not recognise the proportional consolidation method. The companies which were previously consolidated according to this method are now accounted for using the equity method. The companies most particularly concerned by this change are Be-Mobile, Publifer and Thalys International.

The following table summarises the changes applied to the consolidation methods during the financial year.

| Consolidation method | Full consolidation | Proportional consolidation | Equity method | Total |
|---|---|---|---|---|
| **2010 scope (BE-GAAP)** | **46** | **18** | **19** | **83** |
| **2010 scope (IFRS)** | **49** | | **35** | **84** |
| Entered the scope | | | | |
| De Leewe II | +1 | | | +1 |
| EuroStar M | | | +1 | +1 |
| Left the scope | | | | |
| Liège Logistics Intermodal | -1 | | | -1 |
| Change of method | | | | |
| Anneis | +1 | | -1 | 0 |
| Cobra | -1 | | +1 | 0 |
| **2011 scope (IFRS)** | **49** | | **36** | **85** |

Consolidated statement of financial position

Assets

The SNCB/NMBS Group's total consolidated assets represent an amount of €26,954.0 million.

The major part is represented by non-current assets (€23,573.5 million), more specifically property, plant and equipment amounting to €18,602.5 million. Quite logically, the most important assets in value included in the latter are investments in railway infrastructure (€7,739.0 million), railway rolling stock (€3,273.8 million) and tangible fixed assets under construction (€5,680.9 million).

Taking into account the depreciation recorded and the new acquisitions made, non-current assets changed only slightly compared to 2010 (+€1,038.3 million, including €991.0 million for property, plant and equipment alone).

Current assets represent €3,376.0 million compared to €3,359.3 million as at the end of 2010, an increase of €16.7 million. The most significant variation is the decrease in other financial assets (-€258.9 million) which is explained by the reimbursement of investments linked to cross-border arrangements and the Back-to-Back receivable from the State (-€247.7 million). But this decrease is more than offset by the increase in trade and other receivables (+€190.6 million) and cash and cash equivalents (+€87.4 million).

Finally, non-current assets held for sale decreased by €22.8 million, mainly due to the sale of the 'Kamgebouw' located in Bruges.

| € million | As at 31 December | | Δ € | Δ % |
|---|---|---|---|---|
| | **2011** | **2010** | | |
| **Non-current assets** | | | | |
| Intangible assets | 1,700.7 | 1,635.3 | 65,4 | 4,0% |
| Property, plant and equipment | 18,602.5 | 17,611.5 | 991,0 | 5,6% |
| Investment property | 80.3 | 69.1 | 11,2 | 16,2% |
| Interests under equity method | 116.8 | 115.0 | 1,8 | 1,6% |
| Trade and other receivables | 988.8 | 997.2 | - 8,5 | -0,8% |
| Derivatives | 300.5 | 311.5 | - 11,0 | -3,5% |
| Other financial assets | 1,624.0 | 1,670.8 | - 46,9 | -2,8% |
| Deferred tax assets | 159.9 | 124.7 | 35,2 | 28,2% |
| **Subtotal of non-current assets** | **23,573.5** | **22,535.2** | **1.038,4** | **4,6%** |
| **Current assets** | | | | |
| Inventories | 448.7 | 451.8 | - 3,2 | -0,7% |
| Trade and other receivables | 1,829.2 | 1,638.7 | 190,6 | 11,6% |
| Derivatives | 0.9 | 0.1 | 0,9 | N.S. |
| Other financial assets | 408.9 | 667.8 | - 258,9 | -38,8% |
| Current tax assets | 0.0 | 0.0 | - 0,0 | -99,8% |
| Cash and cash equivalents | 688.3 | 600.9 | 87,4 | 14,5% |
| **Subtotal of current assets** | **3,376.0** | **3,359.3** | **16,7** | **0,5%** |
| **Non-current assets held for sale** | | | | |
| Non-current assets held for sale | 4.4 | 27.2 | - 22,8 | -83,8% |
| **TOTAL ASSETS** | **26,954.0** | **25,921.7** | **1.032,3** | **4,0%** |

*Equity and Liabilities*

Consolidated equity is negative for an amount of -€371.7 million. This is due to the special situation of the consortium formed by SNCB/NMBS-Holding and Infrabel. In fact IFRS require that the shares held by SNCB/NMBS-Holding in Infrabel, and the dividend-right shares held by Financière Rue de France in SNCB/NMBS-Holding, should be deducted from equity. Previously, under Belgian generally accepted accounting principles, shares held by the Group in parent companies were classified as assets under cash investments (own shares).

The same applies to investment grants, which, under IFRS, are considered as liabilities and not as part of the equity.

The table below shows the impact on the value of the consolidated equity of the application of Belgian generally accepted accounting principles and IFRS:

| Shareholders' equity | Belgian standards | IFRS standards |
|---|---|---|
| Capital | 2,191,840,429.39 | 2,191,840,429.39 |
| Share premium | 299,317,752.80 | 299,317,752.80 |
| Treasury shares | Not included | -1,799,444,943.39 |
| Consolidated reserves | -721,360,578.00 | -721,360,578.00 |
| Total profit/loss for the year | -349,233,404.25 | -349,233,404.25 |
| Non-controlling shareholdings | 7,203,833.13 | 7,203,833.13 |
| Subsidies (non-current liability) | 17,289,218,021.87 | Not included |
| Subsidies (current liability) | 605,763,175.85 | Not included |
| **TOTAL** | **19,322,749,230.79** | **-371,676,910.32** |

Compared to 2010, total consolidated equity decreased by €348.2 million, which corresponds to the total comprehensive income attributable to the shareholders and to non-controlling interests, and the change in SNCB/NMBS-Holding's own shares repurchased by Financière Rue de France.

Non-current liabilities increased with €1,338.3 million, from €21,974.5 million to €23,312.8 million, mainly due to investment grants received (+€1,032.6 million), an increase that needs to be linked with the increase in property, plant and equipment.

Current liabilities remained overall fairly stable (€4,012.8 million compared to €3,970.6 million in 2010), the increase in trade and other payables (+€236.2 million) being offset by the decrease in current financial liabilities (-€224.5 million).

| € million | As at 31 December | | Δ € | Δ % |
|---|---|---|---|---|
| | 2011 | 2010 | | |
| **Shareholders' equity** | | | | |
| Share capital | 2,191.8 | 2,191.8 | - | 0,0% |
| Share premium | 299.3 | 299.3 | - | 0,0% |
| Own shares (-) | - 1.799.4 | - 1,799.4 | - 0,0 | 0,0% |
| Consolidated reserves | - 721.4 | - 414.4 | - 307,0 | 74,1% |
| Total comprehensive income for the financial year | - 349.2 | - 307.0 | - 42,3 | 13,8% |
| **Group equity** | **- 378.9** | **- 29.6** | **- 349,3** | **N.S.** |
| Non-controlling interests | 7.2 | 6.2 | 1,0 | 16,4% |
| **Total equity** | **- 371,7** | **23,4** | **- 348,2** | **N.S.** |
| **Non-current liabilities** | | | | |
| Employee benefit obligations | 473.0 | 496.3 | - 23,3 | -4,7% |
| Provisions | 232.8 | 243.5 | - 10,7 | -4,4% |
| Financial liabilities | 4,590.9 | 4,339.4 | 251,4 | 5,8% |
| Derivatives | 397.4 | 269.3 | 128,2 | 47,6% |
| Deferred tax liabilities | 0.0 | 0.0 | - 0,0 | -53,8% |
| Trade and other payables | 47.8 | 20.0 | 27,8 | 139,2% |
| Grants | 17,289.2 | 16,256.6 | 1.032,6 | 6,4% |
| Other amounts payable | 281.6 | 349.4 | - 67,8 | -19,4% |
| **Subtotal of non-current liabilities** | **23,312.8** | **21,974.5** | **1.338,3** | **6,1%** |
| **Current liabilities** | | | | |
| Employee benefit obligations | 40.6 | 41.8 | - 1,3 | -3,0% |
| Provisions | 101.9 | 55.2 | 46,7 | 84,5% |
| Financial liabilities | 709.9 | 934.5 | - 224,5 | -24,0% |
| Derivatives | 25.2 | 35.7 | - 10,5 | -29,5% |
| Current tax payables | 2.2 | 1.0 | 1,1 | 110,7% |
| Trade and other payables | 1,044.2 | 808.0 | 236,2 | 29,2% |
| Social debts | 562.1 | 576.6 | - 14,4 | -2,5% |
| Grants | 605.8 | 571.2 | 34,6 | 6,1% |
| Other amounts payable | 921.0 | 946.7 | - 25,7 | -2,7% |
| **Subtotal of current liabilities** | **4,012.8** | **3,970.6** | **42,2** | **1,1%** |
| **Liabilities associated with non-current assets held for sale** | | | | |
| Liabilities associated with non-current assets held for sale | - | - | - | N.S. |
| **Total liabilities** | **27,325.60** | **25,945.1** | **1.380,5** | **5,3%** |
| **TOTAL EQUITY AND LIABILITIES** | **26,954.0** | **25,921.70** | **1.032,3** | **4,0%** |

Consolidated statement of comprehensive income

| € million | 2011 | 2010 | Δ € | Δ % |
|---|---|---|---|---|
| **Recurring cash operating income** | | | | |
| Turnover | 1,863.0 | 1,872.2 | -9.2 | -0.5% |
| Operating grants | 1,386.1 | 1,348.7 | 19.3 | 1.4% |
| Internally generated fixed assets | 743.9 | 721.9 | 21.9 | 3.0% |
| Other operating income | 56.4 | 66.3 | -9.9 | -14.9% |
| **Total recurring cash operating income** | **4,031.4** | **4,009.2** | 22.2 | 0.6% |
| **Recurring cash operating expenses** | | | | |
| Purchase of raw materials and goods for resale | -242.9 | -213.6 | -29.3 | 13.7% |
| Services and other goods | -1,484.4 | -1,531.4 | 47.0 | -3.1% |
| Employee benefit expenses | -2,291.1 | -2,297.6 | 6.5 | -0.3% |
| Other operating expenses | -21.0 | -13.2 | -7.8 | 59.4% |
| **Total recurring cash operating expenses** | **-4,039.4** | **-4,055.8** | 16.4 | -0.4% |
| **Recurring cash EBITDA** | **-8.0** | **-46.6** | **38.6** | **-82.9%** |
| Non-recurring cash EBITDA | -10.1 | 62.8 | -72.9 | |
| Non-cash EBITDA | -36.2 | 7.2 | -43.5 | |
| **EBITDA** | **-54.3** | **23.4** | **-77.7** | |
| Depreciation and impairment | -860.2 | -808.0 | -52.2 | |
| Depreciation of investment grants | 704.6 | 600.7 | 103.8 | |
| **Operating result** | **-209.9** | **-183.9** | -26.0 | |
| Net financial result | -196.4 | -168.2 | -28.1 | |
| **EBT** | **-406.3** | **-352.1** | **-54.2** | |
| Share of net result of entities accounted for using th | 3.9 | 4.6 | -0.8 | |
| **Net result from continuing operations before tax** | **-402.4** | **-347.5** | **-5494.1%** | |
| Income taxes | 51.2 | 21.6 | 29.7 | |
| **Net result for the year** | **-351.2** | **-325.9** | **-25.3** | |
| *Attributable to the shareholders* | *-352.7* | *-326.1* | *-26.6* | |
| *Attributable to non-controlling interests* | *1.5* | *0.1* | *1.4* | |
| Total other comprehensive income for the year | 3.5 | 19.1 | -15.6 | |
| **TOTAL COMPREHENSIVE INCOME** | **-347.7** | **-306.8** | **-40.9** | |

The Group's consolidated turnover was virtually stable (-0.5%) in 2011 compared to the previous year: €1,863.0 million compared to €1,872.2 million the year before. Although domestic passenger traffic continued to grow, the Group lost the revenue from the Eurostar activity, which was taken over by a non-distinct non-consolidated legal entity.

The amount of operating grants increased with €19.3 million (+1.4%), to €1,368.1 million compared to €1,348.7 million in 2010.

Internally generated fixed assets, namely the value of investments made by internal Group production resources, was up by 3.0%, reaching €743.9 million by the end of 2011.

Operating expenses include a positive evolution in recurring cash services and other goods, which decreased with €47.0 million to €1,484.4 million.

The cash recurring employee benefit expenses stabilised at €2,291.1 million (-0.3%) as a result of staff turnover and the selective recruitment campaigns carried out over the last months.

Only purchases of raw materials and goods for resale have increased significantly with €29.3 million (+13.7%) inducing a charge for 2011 of €242.9 million, but this must be seen together with the higher amount of internally generated fixed assets (+€21.9 million).

Because of these various movements, the consolidated recurring cash EBITDA recovered from -€46.6 million in 2010 to -€8.0 million at the end of 2011.

Unfortunately the total consolidated EBITDA did not follow this positive evolution, showing a negative balance of -€54.3 million, due to either non-recurring or non-cash elements, in particular write-downs on stocks and impairment on receivables, as well as provisions for liabilities and charges.

After taking into account depreciation, impairment and depreciation of investment grants, the operating result (EBIT) has a negative balance of -€209.9 million, compared to -€183.9 million in 2010.

The net financial result is negative amounting to -€196.4 million, but due to the application of IFRS, it includes a large number of non-cash items: of this total amount, only €82.9 million represent an outflow of funds for the Group.

Although the result for 2011 shows a negative amount of -€347.7 million, it should not be overlooked that a very substantial part thereof (-€299.2 million) relates to non-cash items.

Circumstances possibly having a material influence on the development of the Group

The management report published individually by the different companies forming the SNCB/NMBS Group explains, for each of them, any circumstances that may have a material influence on their development.

More particularly, with regard to the continuity of operations, it must be emphasised that the Group's budgeted financing needs for 2012 are met, on the one hand by the contractual commitments undertaken by the State in respect of activities financed by grants, and on the other hand by the financing transactions carried out in 2012 by SNCB/NMBS-Holding.

In particular we should highlight the success of the EMTN programme, which was started early 2012 by SNCB/NMBS-Holding, and which has successfully raised €745 million at attractive financial terms.

SNCB/NMBS-Holding, SNCB/NMBS and SNCB/NMBS Logistics have also described in detail in their respective management report, the elements of uncertainty relating to the continuity of SNCB Logistics and the measures taken to ensure the funding and continued activities in accordance with the restructuring plan of B-logistics as approved by the European Union. Based on the elements as mentioned above, we conclude that it is reasonable to establish the consolidated financial statements on a going concern basis despite the fact that the SNCB/NMBS Group has incurred significant losses in 2010 and 2011, and that the consolidated equity is negative.

Finally, it should be noted that the structure of the SNCB/NMBS Group could be modified in the future by a decision by of the Belgian government. To date, we do not have solid facts to assess the potential impacts of such a decision on the consolidated financial statements of the SNCB/NMBS Group.

### Application of exemption under article 119 of the Companies Code

Article 119 of the Companies Code defines the content of the management report relating to the consolidated financial statements. However, the last paragraph of the article states that "*the management report on the consolidated financial statements may be combined with the management report prepared pursuant to article 96 to draw up a single report, provided that the prescribed information is provided separately for the consolidating company and the consolidated group.*"

For matters other than those specified above, please refer to the attached management reports on the statutory financial statements of the consolidating companies.