ANNUAL ACCOUNTS OF SNCB-HOLDING

2011

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INTRODUCTION

ANNUAL ACCOUNTS OF SNCB-HOLDING AS AT 31 DECEMBER 2011

APPLICATION OF IFRS ACCOUNTING STANDARDS

In accordance with the provisions of article 89 of its management contract with the Belgian State, SNCB/NMBS-Holding has prepared its annual accounts for 2011 under "IFRS" (International Financial Reporting Standards).

This represents the conclusion of a complex process, begun several years ago, during which time there has been a progressive integration of IFRS principles into the Company's valuation rules, to ensure that the alignment between the accounts prepared under Belgian generally accepted accounting principles and IFRS is as close as possible.

Nevertheless, total comprehensive income as determined according to IFRS (-€40.6 Mio) is different from that obtained under Belgian generally accepted accounting principles (-€15.7 Mio), because of IFRS rules that are not accepted by Belgian accounting law.

Reconciliation between these two results is perfectly possible, however, and is obtained as follows:

Total Profit/Loss to 31/12/2011 (€ M)	
Full IFRS	**-40.6**
Other financial instruments: Fair value valuation not recognised under BE GAAP	**93.1**
Provision for financial instruments: Cancellation under IFRS of the provision for financial instruments which is allowed under BE GAAP	**-28.8**
Deferred taxes recognised under IAS 12	**-34.5**
Other IFRS restatements	**4.9**
Under BEGAAP SAP	**-15.7**

The application of IFRS has become a standard for many large companies, including the main European railway companies, and responds to an expectation of the institutions that provide financing for the SNCB/NMBS Group's activities. This is why SNCB/NMBS-Holding decided to focus its financial communication exclusively on its financial statements prepared under IFRS.

However, although it is now permitted to publish the SNCB/NMBS Group consolidated financial statements under IFRS, this is not the case for the separate statutory financial statements.

SNCB/NMBS-Holding has therefore prepared its financial statements according to both Belgian generally accepted accounting principles and IFRS. Currently, only the former are subject to a certification report by the external auditors and submitted for approval to the general meeting of shareholders. The management report has been prepared on this basis and contains comments on the main developments concerning the accounts prepared under these standards.

The financial statements of SNCB/NMBS-Holding according to IFRS are presented below. The financial statements prepared in accordance with Belgian generally accepted accounting principles are available on the site of SNCB/NMBS-Holding (http://www.sncb-holding.be/en/about-our-company/annual-report), and on the site of the "Centrale des Bilans/Balanscentrale" of the National Bank of Belgium.

COMPARATIVE FIGURES FOR THE PREVIOUS YEAR

In order to compare the figures for the year with those of the previous year, certain adjustments have had to be made to the figures published in 2010, for them to be in full conformity with IFRS.

As regards the figures published under Belgian generally accepted accounting principles, this resulted in a single restatement concerning the recognition in the balance sheet of deposits and liabilities related to a cross-border arrangement (Rent & Rent Back) which were previously regarded as off-balance sheet. There is no impact on the result. The sections affected are listed on page C.10 of the annual accounts (see document attached).

The reconciliation between the result as published in 2010 and the total comprehensive income for financial year 2010 under IFRS is as follows:

Total Profit/Loss to 31/12/2011 (€ M)	
Profit/Loss published in 2010 (BE GAAP)	**-201.5**
IAS 17: Recognition of emphyteusis contracts under leasing	**-5.6**
IAS 37: Legal claims	**-1.8**
IAS 19: Employee benefit obligations	**12.4**
Onerous contract	**12.8**
Long lease	**6.2**
Loans 182 and 192	**13.4**
Cash III	**0.0**
Fair value adjustment	**-84.9**
Deferred taxes recognised under IAS 12	**22.4**
Full IFRS	**-226.6**

MAIN FINANCIAL CHANGES

Preliminary remark

A particular feature of IFRS regards the large amount of additional notes that needs to be provided to complement the balance sheet and profit and loss account.

Express reference is therefore made to the notes to the accounts, which provide detailed information for a better understanding of the financial statements as at 31 December 2011.

The main developments affecting the financial year 2011 are however summarised below.

Summary profit and loss account

PROFIT & LOSS ACCOUNT (€ M)	Actual 31/12/2011	Actual 31/12/2010	Δ €	Δ %
Recurring cash operating income	**2,504.4**	**2,516.0**	**-11.6**	**0.5%**
Turnover	2,237.3	2,242.9	-5.7	-0.3%
Operating grants	227.1	223.2	3.9	1.7%
Internally generated fixed assets	26.2	31.0	-4.8	-15.5%
Other operating income	13.9	18.9	-5.0	-26.6%
Recurring cash operating expenses	**-2,375.9**	**-2,395.6**	**19.7**	**-0.8%**
Purchase of raw materials and goods for resale	-0.4	-0.2	-0.2	86.8%
Services and other goods	-254.6	-283.9	29.3	-10.3%
Employee benefit expenses	-2,119.2	-2,108.4	-10.7	0.5%
Other operating expenses	-1.8	-3.1	1.3	-41.2%
Recurring cash EBITDA	**128.5**	**120.4**	**8.1**	**6.7%**
Non-recurring cash EBITDA	28.5	-29.9	58.4	
Non-cash EBITDA	32.6	43.8	-11.2	
EBITDA	**189.6**	**134.3**	**55.3**	
Depreciation and impairment	-83.2	-89.2	6.0	
Investment grants	73.9	80.8	-6.9	
Impairment on financial investments	-129.5	-291.4	161.9	
EBIT	**50.7**	**-165.5**	**216.2**	
Net financial result	-150.3	-87.9	-62.4	
EBT	**-99.6**	**-253.4**	**153.8**	
Income taxes on net result	55.4	21.4	34.0	
Other comprehensive income	3.6	5.3	-1.8	
TOTAL PROFIT/LOSS	**-40.6**	**-226.6**	**186.1**	
Of which				
Total cash profit/loss	**101.9**	**58.7**	**43.2**	
Total non-cash profit/loss	**-142.5**	**-285.4**	**142.9**	

Recurring cash EBITDA

	Actual 31/12/2011	Actual 31/12/2010	Δ €	Δ %
Cash	157.0	90.5	66.5	73.5%
Recurring	*128.5*	*120.4*	*8.1*	*6.7%*
Non recurring	*28.5*	*-29.9*	*58.4*	*N.S.*
Non-cash	32.6	43.8	-11.2	-25.6%
	189.6	**134.3**	**55.3**	**41.2%**

By isolating the Recurring cash EBITDA, it is possible to *approximate* the cash generated by normal (recurring) operating activities. This makes it possible to assess the extent to which the Company generates sufficient financial resources to cover other major expenses, such as interest charges on loans or equity investments.

Recurring cash EBITDA is a positive €128.5m, an improvement of €8.1m compared with 2010 (€120.4m). This movement is mainly explained as follows:

- a reduction in turnover of €5.7m;
- an increase in employee benefit expenses of €10.7m;
- a reduction in services and other goods of €29.3m;
- a reduction in internally generated fixed assets of €4.8m.

Operating income

The Company's ***turnover*** in 2011 was €2.237.3m, which represents a fall of €5.7m (-0.3%) compared with 2010. This movement is partly the result of a dropoff in sales within the Group (-€29.5m), in particular IT services, and an increase in external sales of €23.8m, mainly imputable to the operation of SNCB/NMBS-Holding's real estate holdings.

Operating grants received from public authorities increased by €3.9m (+1.7%) by virtue of the indexation included in the management contract signed with the State, subject however to the cancellation of an amount of €1.4m resulting from the transfer of the ombudsman service to the State.

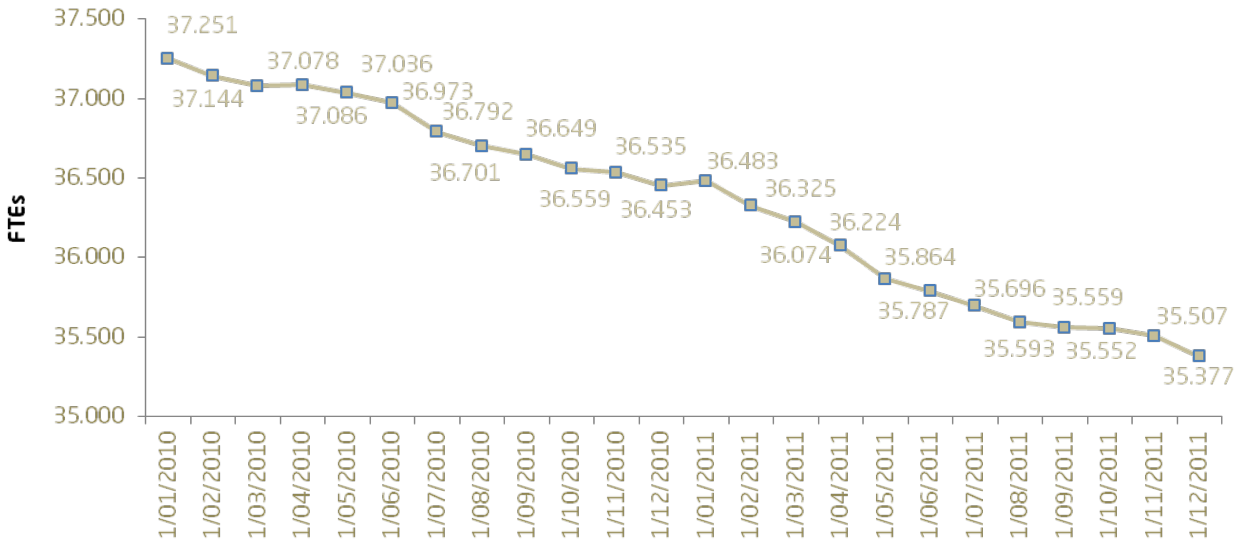
Internally generated fixed assets represent the value of investments produced within the Company. This amounted in 2011 to €26.2m, 15.5% down on the previous year, primarily in respect of IT projects.

Services and other goods

Cash services and other goods amount to €254.6m, a reduction of -€29.3m (-10.3%) compared with the same period of the previous year. This movement is essentially the result of a reduction in consultancy fees (-€35.6m) and an increase in building leasing costs, mainly due to taking extra space (+€5.2m).

Employee benefit expenses

The personnel headcount changed as follows:



Employee benefit expenses represent a total charge of €2,119.2m. By deducting certain elements included under this section (such as, for example, inflation swaps or certain social expenses covered by provisions made previously), we arrive at the normalised payroll, which amounts to €2,101.8m. This is up by €13.5m (+0.6%) on 2010, mainly due to a reduction in headcount (-€57.7m), salary indexation (+€54.4m) and pay scale progressions linked to long service (+€15.9m).

Financial results

€ million	Actual 31/12/2011	Actual 31/12/2010	Δ €	Δ %
Total net debt charge	**-108.3**	**-108.4**	**0.2**	**-0.2%**
Neutralisation of subsidiaries and the State	31.3	30.1	1.2	4.1%
Net Management Contract debt charge	**-76.9**	**-78.3**	**1.4**	**-1.8%**
Dividends	6.9	16.9	-10.0	-59.4%
Exchange results	-4.4	-0.2	-4.1	
Other financial results	19.4	29.9	-10.5	
Other cash financial results	**21.9**	**46.6**	**-24.7**	
Cash financial results	-55.0	-31.7	-23.3	
Non-cash financial results	-95.3	-56.1	-39.1	
Financial results	**-150.3**	**-87.9**	**-62.4**	**71.0%**

The charge relating to the debt borne by SNCB/NMBS-Holding amounts to €108.3m, which is stable compared with the previous year. Given that certain loans are made at the request of, and entirely supported by, public authorities, the part of the debt actually incumbent on SNCB/NMBS-Holding (Management Contract debt) incurs a charge of €76.9m, as against €78.3m in 2010, a 1.8% reduction.

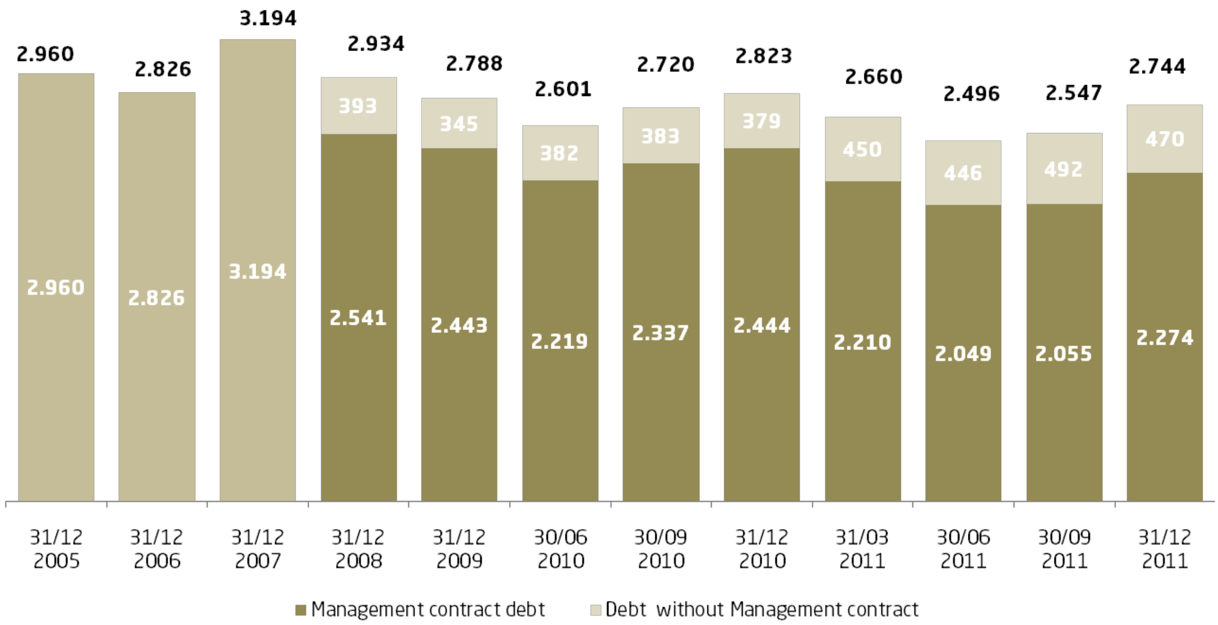
A major part of the financial results (€95.3m) comes from elements not involving any cash outflow.

Indebtedness

SNCB/NMBS-Holding's net indebtedness is the debt contracted with financial institutions (accounted for on the balance sheet or off-balance sheet):

+ interest-bearing intra-group debts;
- interest-yielding intra-group cash investments;
- "Back-to-Back" transactions concluded with the State in connection with the debt assumption as per 1 January 2005;
- cash on hand and cash investments with financial institutions not managed on behalf of third parties (RER/GEN Fund, Liefkenshoektunnel, Fund of Social Works);
- cash investments intended for partial reimbursement of the nominal amount of the debt contracted with financial institutions;
- interest-yielding receivables relating to intra-group companies.

Both SNCB-Holding's total debt (€2,744m) and the Management Contract debt (€2,274m) underwent a positive change in 2011, falling by €79m and €170m respectively.



However, the economic and financial crisis suffered by both the SNCB/NMBS Group and the Belgian State (which is a major contributor to the operation of the Group), and the changes in the regulatory framework being planned for the rail transport sector, led international agencies to revise SNCB/NMBS-Holding's rating.

Thus Moody's reduced its rating from Aa1 to Aa2 on 26 July 2011, then to A1 on 20 December 2011.

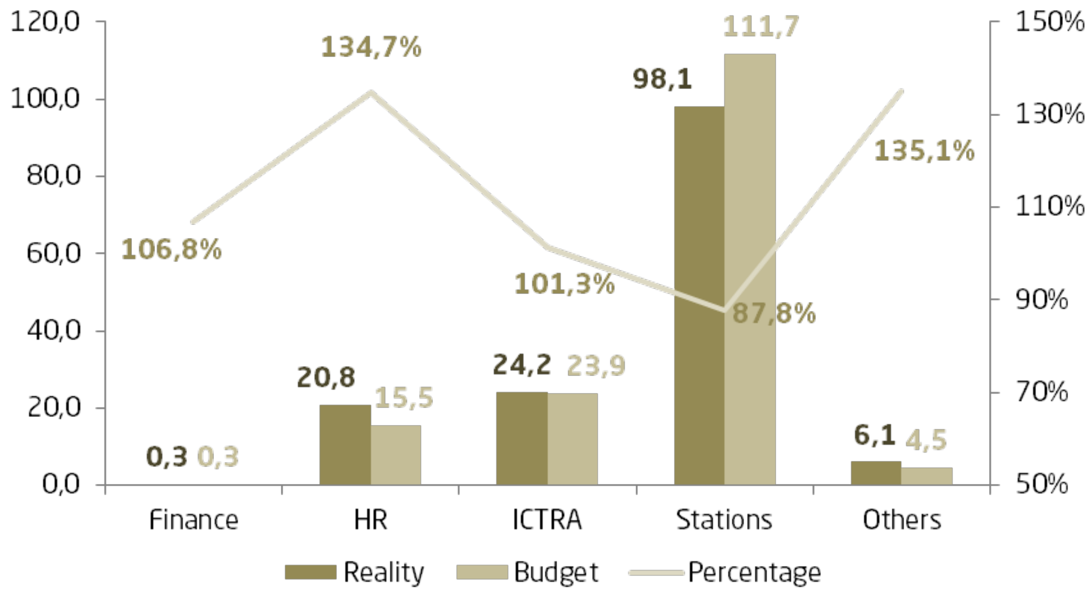
Standard & Poor's reduced its rating from AA to AA- on 4 July 2011, and to A+ on 29 November 2011, in the wake of the downgrading of the Belgian State's rating.

Bearing in mind the structure of the current indebtedness and the protections put in place, no material short-term consequences are foreseen.

<u>Investments</u>

SNCB/NMBS-Holding acquired intangible assets and property, plant and equipment amounting to €149.5m in 2011.

The major part (€98.1m) related to the Stations division, which invested over €73.9m in passenger facilities (stations and car parks). The graph below shows the SNCB/NMBS-Holding investments by division.



The main financial investments done by SNCB/NMBS-Holding were the following:

- paying up of Infrabel capital amounting to €13.0m, in connection with the financing of the balance of the HST works;
- SNCB/NMBS capital increase amounting to €30.0m, in fulfilment of the commitments made by SNCB/NMBS-Holding as part of the restructuring plan of the Cargo division.

Shareholdings being held by SNCB/NMBS-Holding in the capital of other companies are subject to impairment tests as prescribed by IAS 36. The financial prospects as at the balance sheet date resulted in reducing the value of the SNCB/NMBS shareholding in the books of SNCB/NMBS-Holding to zero, resulting in an impairment loss of €128.6m.

Shareholding in B-Logistics

The commitments undertaken at the end of 2009 by SNCB/NMBS-Holding to remediate the SNCB/NMBS Group's logistics activity, approved by the European Union in May 2010 and the National Joint Committee in November 2010, have been implemented.

A specific subsidiary, SNCB/NMBS Logistics, started its activities in February 2011 and is implementing the agreed restructuring plan.

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ANNUAL ACCOUNTS

GENERAL INFORMATION

Activities

SNCB Holding is a 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

SNCB Holding employs 36.985 (38.105) employees as at 31 December 2011 (2010), of which 32878 (33..888) have been temporarily transferred to other companies of the SNCB Group.

Legal status

SNCB Holding 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.

Financial statements

The separate financial statements as at 31 December 2011, prepared according to IFRS, have been approved by the Management Board of SNCB Holding on 30 March 2012. All figures in this document are expressed in euros (EUR), except if specifically indicated.
SNCB Holding and Infrabel constitute a consortium in accordance with the article 10 of the Companies code. SNCB Holding and Infrabel and all their subsidiaries form the SNCB Group.
SNCB Holding and Infrabel prepare consolidated financial statements, according to IFRS.

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

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

I. STATEMENT OF FINANCIAL POSITION

Assets

	Notes	1 January 2010	31 December 2010	31 December 2011
Non-current assets				
Intangible assets	5	69.436.737,49	92.932.423,62	115.493.360,74
Property, plant and equipment	6	1.108.940.484,43	1.235.544.006,67	*1.234.139.909,49*
A. Land		*28.321.098,75*	*65.671.037,21*	*73.989.193,11*
B. Buildings		*764.736.350,35*	*717.028.416,98*	*697.581.349,27*
C. Railway infrastructure		*0,00*	*0,00*	*2.955.460,20*
D. Railway rolling stock		*134.839.404,27*	*105.646.702,78*	*104.294.487,51*
E. Plant and various equipment		*181.043.631,06*	*347.197.849,70*	*355.319.419,40*
F. Tangible fixed assets under construction	7	60.568.458,34	60.308.916,65	72.359.833,57
Investment property	8	3.792.264.216,62	3.530.750.773,30	3.443.812.926,13
Associates and joint ventures	9	12.951.508,32	12.976.271,73	13.753.877,85
Trade and other receivables	10	693.432.591,73	653.238.357,16	630.848.985,17
Derivatives	12	394.814.434,25	311.545.711,82	305.304.833,36
Other financial assets	13	1.856.206.943,02	1.861.920.264,74	2.112.895.099,51
Deferred tax assets	21	101.639.086,00	124.071.843,48	158.567.256,16
Subtotal of non-current assets		**8.090.254.460,20**	**7.883.288.569,17**	**8.087.176.081,98**
Current assets				
Inventories	14	720.149,93	8.435.468,82	8.273.133,67
Trade and other receivables	10	844.790.718,96	1.043.910.237,54	1.017.538.941,32
Derivatives	12	70.229.855,07	82.290,58	914.373,59
Other financial assets	13	614.518.453,67	667.716.129,04	410.819.832,61
Current tax assets		0,00	0,00	0,00
Cash and cash equivalents	15	626.968.835,55	982.665.992,53	818.035.503,93
Subtotal of current assets		**2.157.228.013,18**	**2.702.810.118,51**	**2.255.581.785,12**
Non-current assets held for sale				
Non-current assets held for sale	16	0,00	166.952,83	1.826.009,64
TOTAL ASSETS		**10.247.482.473,38**	**10.586.265.640,51**	**10.344.583.876,74**

Equity and liabilities

	Notes	1 January 2010	31 December 2010	31 December 2011
Equity				
Share capital	17	741.778.929,39	741.778.929,39	741.778.929,39
Reserves		185.875.659,73	185.875.659,73	-40.769.613,45
Total comprehensive income for the financial year		0,00	-226.645.273,18	-40.587.530,55
Total equity		**927.654.589,12**	**701.009.315,94**	**660.421.785,39**
Non-current liabilities				
Employee benefit obligations	18	451.341.360,78	444.223.349,63	427.111.562,31
Provisions	19	242.804.164,91	207.226.903,73	108.236.565,91
Financial liabilities	20	4.399.509.010,95	4.326.099.783,82	4.583.655.642,72
Derivatives	12	236.148.408,09	269.290.442,86	444.941.518,14
Trade and other payables	22	10.000.000,00	20.000.000,00	27.742.524,57
Grants	24	956.801.027,28	1.156.643.412,08	1.220.260.140,09
Other amounts payable	25	574.350.217,86	387.439.936,22	324.740.097,64
Subtotal of non-current liabilities		**6.870.954.189,87**	**6.810.923.828,34**	**7.136.688.051,38**
Current liabilities				
Employee benefit obligations	18	37.408.187,47	34.497.379,44	30.564.549,81
Provisions	19	46.231.743,77	29.420.684,97	33.202.839,84
Financial liabilities	20	1.104.179.465,35	1.467.440.978,72	1.154.927.312,08
Derivatives	12	10.379.525,07	35.660.929,24	47.657.468,41
Trade and other payables	22	183.181.176,58	275.084.474,60	255.858.362,50
Social debts	23	445.803.453,13	552.417.405,88	534.711.393,80
Grants	24	148.556.260,01	67.470.688,02	71.287.996,62
Other amounts payable	25	473.133.883,01	612.339.955,36	419.264.116,91
Subtotal of current liabilities		**2.448.873.694,39**	**3.074.332.496,23**	**2.547.474.039,97**
Liabilities associated with non-current assets held for sale				
Liabilities associated with non-current assets held for sale		0,00	0,00	0,00
Total liabilities		9.319.827.884,26	9.885.256.324,57	9.684.162.091,35
TOTAL EQUITY AND LIABILITIES		**10.247.482.473,38**	**10.586.265.640,51**	**10.344.583.876,74**

II. STATEMENT OF COMPREHENSIVE INCOME

	Notes	2010	2011
Continuing operations			
Operating income before investment grants			
Turnover	26	2.266.048.991,65	2.238.121.177,62
Operating grants	26	223.225.975,92	227.114.203,66
Internally generated fixed assets		30.957.367,14	26.160.016,11
Other operating income	26	40.647.747,35	60.888.125,65
Total of the operating income before investment grants		**2.560.880.082,06**	**2.552.283.523,04**
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-214.067,18	-399.781,28
Services and other goods	26	-271.447.602,21	-251.251.148,43
Employee benefit expenses	27	-2.143.862.873,34	-2.101.584.542,70
Other operating expenses	26	-11.063.482,82	-9.489.576,55
Total of the operating expenses before depreciation and impairment		**-2.426.588.025,55**	**-2.362.725.048,96**
Operating result before investment grants, depreciation and impairment		**134.292.056,51**	**189.558.474,08**
Investment grants	24	80.760.231,80	73.878.201,07
Depreciation and impairment losses on intangible assets , property, plant and equipment and investment properties	5, 6 & 7	-89.155.333,62	-83.181.042,89
Impairment losses on investments in subsidiaries, joint ventures and associates	8 & 9	-291.400.279,91	-129.533.635,05
Operating result		**-165.503.325,22**	**50.721.997,21**
Financial income	28	**330.400.025,41**	**342.638.879,83**
Financial expenses	28	-418.279.177,70	-492.947.471,21
Net financial result		**-87.879.152,29**	**-150.308.591,38**
Net result from continuing operations before tax		**-253.382.477,51**	**-99.586.594,17**
Income taxes	29	21.415.721,28	55.444.327,08
Net result from continuing operations		**-231.966.756,23**	**-44.142.267,09**
NET RESULT FOR THE YEAR		**-231.966.756,23**	**-44.142.267,09**
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial differences on post-employment benefits		4.304.446,85	22.931.355,07
Tax relating to other comprehensive income	29	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		**5.321.483,05**	**1.982.440,67**
That will be reclassified subsequently to profit or loss when specific conditions are met			
Available-for-sale financial assets		0,00	1.572.295,87
Tax relating to other comprehensive income		0,00	0,00
Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met		**0,00**	**1.572.295,87**
Total other comprehensive income for the year		**5.321.483,05**	**3.554.736,54**
TOTAL COMPREHENSIVE INCOME		**-226.645.273,18**	**-40.587.530,55**

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

III. STATEMENT OF CHANGES IN EQUITY

	Share Capital	Untaxed reserves	Available-for-sale financial assets	Actuarial gains and losses on post employment benefits	Retained earnings	Total reserves	Total equity
At 1 January 2010	741.778.929,39	89.324.261,30	0,00	0,00	96.551.398,43	**185.875.659,73**	
Net Result 2010	0,00	0,00	0,00	0,00	-231.966.756,23	-231.966.756,23	-231.966.756,23
Other comprehensive income 2010:	0,00	0,00	0,00	5.321.483,05	0,00	*5.321.483,05*	5.321.483,05
Actuarial gains and losses on post employment benefits	*0,00*	*0,00*	*0,00*	*4.304.446,85*	*0,00*	*4.304.446,85*	4.304.446,85
Available-for-sale financial assets	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	0,00
Tax related to other comprehensive income	*0,00*	*0,00*	*0,00*	*1.017.036,20*	*0,00*	*1.017.036,20*	1.017.036,20
Total other comprehensive income for te year	**0,00**	**0,00**	**0,00**	**5.321.483,05**	**-231.966.756,23**	**-226.645.273,18**	**-226.645.273,18**
Dividend paid to shareholders	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
At 1 January 2011	**741.778.929,39**	**89.324.261,30**	**0,00**	**5.321.483,05**	**-135.415.357,80**	**-40.769.613,45**	**701.009.315,94**
Net Result 2011					-44.142.267,09	-44.142.267,09	-44.142.267,09
Other comprehensive income 2011:	0,00	0,00	0,00	3.554.736,54	0,00	**3.554.736,54**	3.554.736,54
Actuarial gains and losses on post employment benefits	*0,00*	*0,00*	*0,00*	*22.931.355,07*	*0,00*	*22.931.355,07*	22.931.355,07
Available-for-sale financial assets	*0,00*	*0,00*	*0,00*	*1.572.295,87*	*0,00*	*1.572.295,87*	1.572.295,87
Tax related to other comprehensive income	*0,00*	*0,00*	*0,00*	*-20.948.914,40*	*0,00*	*-20.948.914,40*	-20.948.914,40
Total other comprehensive income for te year	**0,00**	**0,00**	**0,00**	**3.554.736,54**	**-44.142.267,09**	**-40.587.530,55**	**-40.587.530,55**
Dividend paid to shareholders	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Transfers	0,00	-444.197,62	0,00	0,00	444.197,62	0,00	0,00
At 31 December 2011	**741.778.929,39**	**88.880.063,68**	**0,00**	**8.876.219,59**	**-179.113.427,27**	**-81.357.144,00**	**660.421.785,39**

IV. STATEMENT OF CASH FLOWS

	2011
CASH FLOW FROM OPERATING ACTIVITIES	
Net result for the year	**-44.142.267,09**
Adjustments for:	
Depreciation and impairment on property, plant and equipment and intangible assets, investment property and non-current assets held for sale	83.199.802,78
Write-down on inventories, impairment losses on trade and other receivables	129.533.635,05
Changes in fair value of derivatives	6.890.378,75
Changes in fair value of and impairment losses on other financial assets and financial liabilities	149.389.296,65
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	23.262.100,69
(Gain) / loss on disposal of financial assets	-38.605.230,30
Fees on cross-border arrangements recognised in net result	-10.275.337,80
Provisions	-95.208.182,95
Employee benefits	4.540.570,70
Investment grants recognized in net result	-77.737.201,82
Net of interest income and expenses	61.095.626,81
Income taxes	
Translation differences	-55.444.327,08
Gross cash from operating activities	**-551.394,06**
Change in net working capital:	**135.947.470,33**
Inventories	229.144,83
Trade and other receivables	-42.401.720,74
Trade and other payables, and social debts	-305.593.059,08
Cash generated from operations	**-347.765.634,99**
Tax received	0,00
Tax paid	0,00
NET CASH FROM OPERATING ACTIVITIES	**-211.818.164,66**

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

	2011
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of property, plant and equipment, intangible assets and investment property	-148.982.511,35
Acquisition of financial assets	-424.010.601,69
Fees on cross-border arrangements	-43.373.394,00
Acquisition of subsidiaries, joint ventures and associates	170.530.686,73
Investment grants received	83.797.934,10
Proceeds from disposal of other financial assets	480.662.453,63
Proceeds from financial lease receivables	69.489.311,66
Interest received	153.682.688,05
Dividends received	6.853.071,54
NET CASH FROM INVESTING ACTIVITIES	**348.649.638,67**
CASH FLOW FROM FINANCING ACTIVITIES	
Increase / (decrease) of financial liabilities	793.978.844,61
Redemption of financial liabilities (including financial lease liabilities)	-933.279.531,95
Redemption/payments of derivatives	54.265.487,67
Interest paid	-216.426.741,76
NET CASH FROM FINANCING ACTIVITIES	**-301.461.941,43**
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	**-164.630.467,42**
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR	**982.665.971,35**
Translation differences	0,00
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	**818.035.503,93**

V. NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of the main valuation rules

1.1 Basis of preparation

The financial statements of SNCB Holding 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 financial statements of SNCB Holding 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 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 financial statements are prepared based on the principle of the valuation:

- of certain financial assets and liabilities at fair value: financial 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.

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

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

- 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 statement of cash flows for the year ended December 31, 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 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.

1.3 Intangible assets

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

1. 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;
2. it is probable that the asset will generate economic benefits for SNCB Holding ;
3. SNCB Holding has control over the asset;
4. 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 SNCB Holding can show (1) that the project is technically feasible, (2) that there is an intention of using or selling the asset, (3) how the asset will generate future economic benefits, (4) that there exist adequate resources to complete the project and (5) that the expenditure can reliably be measured. These expenses include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking account of all the costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still partially employed).

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

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

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

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.

1.4 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 SNCB Holding ;
- the initial estimate of the costs of dismantling and removing the asset or restoring the site on which it is located (obligation that SNCB Holding 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 SNCB Holding 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 SNCB Holding , 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	50 years
Components of industrial buildings	15 to 20 years
Residential properties	50 years
Components of residential properties	15 to 20 years
Stations	100 years
Components of stations	10 to 40 years
Car parks	100 years
Components of car parks	10 to 20 years
Other plant and various equipment	4 to 30 years
Furniture	10 years
ICT	4 to 10 years
Road vehicles	2 to 10 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.

1.5 Lease contracts

1.5.1 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 SNCB Holding, 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 SNCB Holding 's financial statements. The investment accounts and related payment obligations towards lenders are recognised in the 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.

1.5.2 Lease contracts for which SNCB Holding is the lessee

A lease contract is recorded as a finance lease if SNCB Holding acquires virtually all the risks and rewards incidental to ownership of the asset. SNCB Holding 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.

1.5.3 Lease contracts for which SNCB Holding 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 **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.

1.7 Interests in subsidiaries, joint ventures and associates

Entities over which SNCB Holding exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, and associates, over which SNCB Holding exercises significant influence without exercising control are accounted for at cost less impairment, if any.
An impairment loss is recorded on interests in entities over which SNCB Holding exercises control or joint control and on associates when the carrying value is greater than the recoverable amount. These interests are subject to an impairment test when there is an objective ground to believe the interest has suffered an impairment loss. The preferred method is the Capital Asset Pricing Model, or the present value of future cash flows. The participation in Infrabel is recorded at historical cost.

1.8 Impairment

An impairment loss is recorded on intangible assets 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 SNCB Holding would receive upon sale of the asset); and
2. its value in use (being the amount that SNCB Holding would generate by continuing to utilise the asset).

Where possible, these tests are carried out for each individual asset. However, if the assets do not generate independent cash flows, the test needs to be done at the level of the cash-generating unit (or 'CGU') to which the asset belongs (CGU = the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets).
When an impairment loss is established, it is allocated to the non-current assets of the CGU in proportion to their carrying values, but only to the extent that the allocation does not lower the carrying values of the assets below their fair value less selling expenses. Impairment losses against non-current assets 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).

1.9 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.

1.10 **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".

1.11 **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.
SNCB Holding 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. SNCB Holding 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. SNCB Holding has decided not to apply the hedge accounting principles.

1.12 **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 SNCB Holding 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 SNCB Holding 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 SNCB Holding 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.

1.13 **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.

1.14 **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.

1.15 **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.

1.16 **Share capital**

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 the Company has not yet issued a call.

1.17 **Employee benefits**

1.17.1 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.

1.17.2 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 SNCB Holding 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 SNCB Holding 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 SNCB Holding '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. SNCB Holding has opted to fully recognise actuarial gains and losses relative to post-employment benefits in other comprehensive income.

1.17.3 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.

1.17.4 Termination benefits

Termination benefits are benefits payable as a result of SNCB Holding '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 SNCB Holding 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.

1.18 **Provisions**

A provision is only recognised if:

1. SNCB Holding 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 SNCB Holding has a legal or constructive obligation.

If SNCB Holding has an onerous contract, a provision has to be accounted for. Before a provision for onerous contract is accounted for, SNCB Holding 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 SNCB Holding 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.

1.19 **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.

1.20 **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 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 assets and liabilities (except for acquisitions of subsidiaries) that have no effect on the accounting profit or taxable profit; and
2. 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.

1.21 **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).

1.22 **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).

1.23 **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.

1.24 **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 SNCB Holding 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'.

1.25 **Operating income and operating expenses**

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

1.26 **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 SNCB Holding 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.

1.27 Cash flow statement

The cash flows 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 from investing and financing activities.

Note 2 – Capital and financial risk management

2.1 Capital Management

The Company'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 Company 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 Company keeps a close track on its net debt level.

The Company 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	2.743.996.274,43
Total net debt at 31 December 2010	2.822.942.471,01
Decrease in net debt	-78.946.196,58

The variations are mainly explained by:

	Millions EUR
Cash result for the year	**136**
Net change in working capital	-346
Investing activities	373
Financing activities	-208
Cash and cash equivalents	124
Deacrease in net debt	**79**

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 SNCB Holding 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 SNCB Holding 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 Company 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, SNCB Holding 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 Company 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 Company 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	1.632.584.975,30	255,27	0,00	290,49	1.632.585.521,06
Derivatives	63.264.942,96	259.103.507,51	-10.740.448,07	0,00	311.628.002,40
Other financial assets	1.528.959.361,32	967.079.011,49	33.598.020,97	0,00	2.529.636.393,78
Cash and cash equivalents	982.471.796,38	186.996,12	43,00	7.157,03	982.665.992,53
Total financial assets	**4.207.281.075,96**	**1.226.369.770,39**	**22.857.615,90**	**7.447,52**	**5.456.515.909,77**
Financial liabilities					
Financial liabilities	4.286.978.797,22	1.506.405.267,73	0,00	156.697,59	5.793.540.762,54
Derivatives	526.334.705,14	-245.619.345,20	24.236.012,16	0,00	304.951.372,10
Trade and other payables	244.880.805,91	9.013,55	0,00	2.613,79	244.892.433,25
Other amounts payable	870.015.000,11	78.819,02	0,00	0,00	870.093.819,13
Total financial liabilities	**5.928.209.308,38**	**1.260.873.755,10**	**24.236.012,16**	**159.311,38**	**7.213.478.387,02**
Net exposure	**-1.720.928.232,42**	**-34.503.984,71**	**-1.378.396,26**	**-151.863,86**	**-1.756.962.477,25**

	31/12/2011				
	EUR	USD	JPY	Other	Total
Financial assets					
Trade debtors and other amounts receivabl	1.548.927.816,61	39.600.442,06	0,00	0,00	1.588.528.258,67
Derivatives	148.773.725,42	169.039.943,25	-11.594.461,72	0,00	306.219.206,95
Other financial assets	1.575.291.956,67	913.534.817,82	34.888.157,63	0,00	2.523.714.932,12
Cash and cash equivalents	818.034.288,68	0,00	0,00	1.215,25	818.035.503,93
Total financial assets	**4.091.027.787,38**	**1.122.175.203,13**	**23.293.695,91**	**1.215,25**	**5.236.497.901,67**
Financial liabilities					
Financial liabilities	4.308.997.724,37	1.429.585.230,43	0,00	0,00	5.738.582.954,80
Derivatives	783.681.893,04	-316.548.115,69	25.465.209,20	0,00	492.598.986,55
Trade and other payables	232.287.752,89	1.379.194,17	0,00	0,00	233.666.947,06
Other amounts payable	610.227.127,04	86.052,13	0,00	0,00	610.313.179,17
Total financial liabilities	**5.935.194.497,34**	**1.114.502.361,04**	**25.465.209,20**	**0,00**	**7.075.162.067,58**
Net exposure	**-1.844.166.709,96**	**7.672.842,09**	**-2.171.513,29**	**1.215,25**	**-1.838.664.165,91**

b. Currency-derivatives

		31/12/2010		31/12/2011	
		Total fair value	Total nominal value	Total faire value	Total nominal value
Currencies bought					
	USD	77.683.125,30	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	0,00	0,00	0,00	0,00
Currencies bought- Total		**112.659.585,53**	**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	0,00	0,00	0,00	0,00
	Others	0,00	0,00	0,00	0,00
Currencies sold - Total		**580.838.932,96**	**484.637.150,09**	**555.048.178,26**	**406.219.144,37**
Options :					
	USD	0,00	0,00	0,00	0,00
	Others	0,00	0,00	0,00	0,00
Options - Total		**0,00**	**0,00**	0,00	0,00

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

c. Sensitivity analysis

A sensitivity analysis has been performed on the basis of the Company's position at closing date. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS financial 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%	-3.833.776,08	0,00
USD - 10%	3.136.725,88	0,00
JPY + 10%	-153.155,13	0,00
JPY - 10%	125.308,76	0,00
2011		
USD + 10%	852.538,00	0,00
USD - 10%	-697.531,17	0,00
JPY + 10%	-241.279,25	0,00
JPY - 10%	197.410,30	0,00

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 Company, from borrowings in EUR and USD. At 31 December 2011, approximately 67% (2010 = 79%) of gross debt of the Company was floating rate and 33% fixed rate (2010 = 21%). Cash surpluses are invested by the Company at short (long) term against a variable (fixed) rate.

	Carrying value 31/12/2010	Carrying value 31/12/2011
Fixed interest rate		
Financial assets	**2.097.307.997,78**	**2.201.501.776,18**
Trade and other receivables	746.231.046,94	680.349.991,78
Other financial assets	1.351.076.950,84	1.521.151.784,40
Cash and cash equivalents	0,00	0,00
Financial liabilities	**2.586.159.866,43**	**2.966.287.579,38**
Financial liabilities	2.586.159.866,43	2.964.266.097,27
Trade and other payables	0,00	0,00
Other amount payable	0,00	2.021.482,11
Total fixed interest rate	**-488.851.868,65**	**-764.785.803,20**
Variable interest rate		
Financial assets	**2.092.961.996,30**	**1.652.237.401,96**
Trade and other receivables	67.508.987,04	97.069.572,49
Other financial assets	1.050.776.134,72	823.736.523,70
Cash and cash equivalents	974.676.874,54	731.431.305,77
Financial liabilities	**3.950.390.379,77**	**3.238.312.147,54**
Financial liabilities	3.151.432.114,28	2.695.300.475,28
Trade and other payables	0,00	0,00
Other amount payable	798.958.265,49	543.011.672,26
Total variable interest rate	**-1.857.428.383,47**	**-1.586.074.745,58**
Total	**-2.346.280.252,12**	**-2.350.860.548,78**

b. Cash flow sensitivity analysis

A 1% rise of variable interest rates (including derivatives) would cause a decrease of 1.476.399,68 EUR in the interest expenses of the Company in 2011, compared to 874.973,95 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 assessment of the the sensitivity of net income.

The sensitivity analysis at fair value was determined for the Company 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), of which -1.254.394,24 EUR (0,00 EUR) through other comprehensive income.

2.2.3 Credit Risk

The Company 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 Company 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+/BBaa, 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	1.632.585.521,06	1.335.583.794,28	214.594.487,90	39.338.117,08	15.999.250,40	17.350.512,81	8.834.145,30	885.213,29	0,00
Derivatives	311.628.002,40	311.628.002,40							0,00
Other financial assets	2.529.636.393,78	2.529.636.393,78							0,00
Cash and cash equivalents	982.665.992,53	982.665.992,53							0,00
Total	**5.456.515.909,77**	**5.159.514.182,99**	**214.594.487,90**	**39.338.117,08**	**15.999.250,40**	**17.350.512,81**	**8.834.145,30**	**885.213,29**	**0,00**
31 December 2011									
Trade and other receivables	1.588.528.258,67	1.496.401.923,75	39.650.989,73	14.719.394,50	12.877.600,32	21.720.769,10	1.281.515,61	1.876.065,66	0,00
Derivatives	306.219.206,95	306.219.206,95	0,00		0,00	0,00		0,00	0,00
Other financial assets	2.523.714.932,12	2.523.714.932,12	0,00		0,00	0,00		0,00	0,00
Cash and cash equivalents	818.035.503,93	818.035.503,93	0,00		0,00	0,00		0,00	0,00
Total	**5.236.497.901,67**	**5.144.371.566,75**	**39.650.989,73**	**14.719.394,50**	**12.877.600,32**	**21.720.769,10**	**1.281.515,61**	**1.876.065,66**	**0,00**

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

Rating	31/12/2010			
	Corporates	Sovereings	Financial institutions	Total
Non current				
AAA	0,00	0,00	176.464.666,35	176.464.666,35
AA+	0,00	689.736.880,55	27.384.426,14	717.121.306,69
AA	0,00	0,00	172.012.352,10	172.012.352,10
AA-	0,00	0,00	625.384.874,36	625.384.874,36
A+	0,00	35.002.678,39	110.074.279,09	145.076.957,48
A	0,00	0,00	0,00	0,00
A-	0,00	0,00	15.478.283,76	15.478.283,76
BBB+	0,00	0,00	0,00	0,00
BBB	0,00	0,00	0,00	0,00
BBB-	0,00	0,00	0,00	0,00
CCC	0,00	0,00	38.741,77	38.741,77
NR	160.199.825,23	0,00	0,00	160.199.825,23
	160.199.825,23	**724.739.558,94**	**1.126.837.623,57**	**2.011.777.007,74**
Current				
A-1+	0,00	560.030.025,01	0,00	560.030.025,01
A-1	0,00	0,00	125.030.000,00	125.030.000,00
A-2	0,00	0,00	0,00	0,00
A-3	0,00	0,00	0,00	0,00
NR	574.306.289,59	24.991.572,36	80.395.065,40	679.692.927,35
	574.306.289,59	**585.021.597,37**	**205.425.065,40**	**1.364.752.952,36**
Total	**734.506.114,82**	**1.309.761.156,31**	**1.332.262.688,97**	**3.376.529.960,10**

Rating	31/12/2010			
	Corporates	Sovereings	Financial institutions	Total
Non current				
AAA	0,00	0,00	204.453.354,01	204.453.354,01
AA+	0,00	0,00	0,00	0,00
AA	0,00	609.760.493,93	0,00	609.760.493,93
AA-	0,00	0,00	255.533.002,12	255.533.002,12
A+	0,00	34.888.157,63	539.312.508,58	574.200.666,21
A	0,00	0,00	41.612.870,77	41.612.870,77
A-	1.612,59	0,00	16.899.533,74	16.901.146,33
BBB+	0,00	0,00	0,00	0,00
BBB	0,00	0,00	0,00	0,00
BBB-	0,00	0,00	0,00	0,00
CCC	0,00	0,00	29.831,48	29.831,48
NR	414.240.525,71	0,00	0,00	414.240.525,71
	414.242.138,30	**644.648.651,56**	**1.057.841.100,70**	**2.116.731.890,56**
Current				
A-1+	0,00	177.485.959,81	99.789.374,55	277.275.334,36
A-1	27.937.000,00	0,00	0,00	27.937.000,00
A-2	0,00	0,00	95.995.000,00	95.995.000,00
A-3	0,00	0,00	0,00	0,00
NR	358.438.969,00	48.627.890,69	151.313.529,26	558.380.388,95
	386.375.969,00	**226.113.850,50**	**347.097.903,81**	**959.587.723,31**
Total	**800.618.107,30**	**870.762.502,06**	**1.404.939.004,51**	**3.076.319.613,87**

Amounts mentioned as “Corporates” without rating (NR) are exclusively linked to subsidiaries.

The Company has invested as follows by geographic region:

Zone	31/12/2010	31/12/2011
Belgium	4.009.343.486,70	3.867.591.352,58
Eurozone	248.108.089,42	314.499.311,70
Europe - other	1.014.686.351,35	862.735.461,07
United States	131.836.227,79	134.129.805,77
Other	52.541.754,51	57.541.970,55
Total	**5.456.515.909,77**	**5.236.497.901,67**

2.2.4 Liquidity Risk

When borrowings are made, the Company 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 Company'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:

* Including interest	Carrying value	Contractual cash flows*	< 6 months	6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
31 December 2010							
Financial assets							
Trade and other reveivables	276.418.721,49	943.264.286,41	16.938.895,42	39.682.895,42	43.944.019,23	131.832.057,68	710.866.418,66
Derivatives	311.628.002,40	306.104.293,44	68.950.885,79	-5.994.009,53	24.815.820,40	-744.402,23	219.075.999,01
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	0,00	0,00	0,00	0,00
Total financial assets	**3.267.565.309,62**	**5.351.312.453,98**	**1.090.237.971,77**	**108.504.700,69**	**255.148.542,49**	**681.846.142,42**	**3.215.575.096,61**
Financial liabilities							
Financial liabilities	5.793.540.762,54	7.668.532.962,98	1.287.494.999,57	184.121.176,20	594.134.920,18	1.539.699.001,53	4.063.082.865,50
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	244.892.433,25	0,00	0,00	0,00	0,00	0,00	0,00
Other amounts payable	870.093.819,13	889.121.546,85	376.553.889,27	251.269.343,02	216.552.950,72	10.654.966,34	32.632.213,10
Total financial liabilities	**7.213.478.387,02**	**8.995.033.578,80**	**1.684.105.218,33**	**477.665.270,28**	**833.058.838,91**	**1.654.290.424,61**	**4.344.455.642,27**
Total	**-3.945.913.077,40**	**-3.643.721.124,82**	**-593.867.246,56**	**-369.160.569,59**	**-577.910.296,42**	**-972.444.282,19**	**-1.128.880.545,66**
31 December 2011							
Financial assets							
Trade and other reveivables	293.311.573,06	894.113.481,28	16.570.999,99	39.315.000,00	43.208.228,38	129.624.685,16	665.394.567,75
Derivatives	292.100.138,18	166.375.285,94	36.445.506,89	9.517.775,82	22.551.325,76	58.454.815,33	39.405.862,14
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	0,00	0,00	0,00	0,00
Total financial assets	**2.837.113.648,32**	**4.617.186.622,60**	**738.015.308,10**	**62.963.073,88**	**233.633.016,44**	**665.048.559,18**	**2.917.526.665,00**
Financial liabilities							
Financial liabilities	5.738.582.954,80	7.433.450.176,62	876.073.612,82	380.174.230,64	327.320.967,18	1.682.023.569,96	4.167.857.796,02
Derivatives	492.598.986,55	629.242.302,50	43.943.777,50	36.508.303,87	66.629.153,51	219.927.567,35	262.233.500,27
Trade and other payables	233.666.947,06	194.603.995,02	180.538.371,99	7.483,21	9.117.291,68	4.940.848,14	0,00
Other amounts payable	610.313.179,17	618.168.565,36	223.276.927,34	175.571.527,25	177.980.516,12	15.860.727,05	25.478.867,61
Total financial liabilities	**7.075.162.067,58**	**8.875.465.039,50**	**1.323.832.689,65**	**592.261.544,96**	**581.047.928,49**	**1.922.752.712,50**	**4.455.570.163,90**

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	0,00	636.630.729,50	0,00
Fixed interest securities	52.201.161,93	145.848.834,89	0,00
Derivatives	0,00	348.980.795,92	0,00
Available-for-sale financial assets	**0,00**	**90.469.256,47**	**0,00**
Others	**0,00**	**813.867,02**	**0,00**
Total	**52.201.161,93**	**1.222.743.483,80**	**0,00**
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	1.210.921.412,29	0,00
Derivatives	0,00	304.951.372,10	0,00
Others		32.926.417,77	
Total	**0,00**	**1.548.799.202,16**	**0,00**

		31/12/2011	
	Level 1	**Level 2**	**Level 3**
Assets			
Financial assets at fair value through profit or			
Deposits	0,00	588.702.908,02	0,00
Fixed interest securities	51.716.698,93	164.819.233,25	0,00
Derivatives	0,00	346.038.290,13	4.759.927,51
Available-for-sale financial assets	**0,00**	**134.277.444,81**	**8.836.854,76**
Others		1.203.370,93	
Total	**51.716.698,93**	**1.235.041.247,14**	**13.596.782,27**
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	-1.109.871.447,40	0,00
Derivatives	0,00	-422.598.986,55	-70.000.000,00
Others	**0,00**	**-37.791.004,13**	**0,00**
Total	**0,00**	**-1.570.261.438,08**	**-70.000.000,00**

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 financial statements in accordance with IFRS brings the Company 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 Company 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 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 Company selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date. The Company 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.

3.2 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 Company 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 Company's best estimate (see additional information disclosed in note 18).

A decrease (increase) by 1% of the discount rate determined by the Company, would result in an increase (respectively decrease) of 59.485.360,88 EUR (respectively 51.682.636,38 EUR) of the liabilities.

3.3 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 Company. Estimated useful life takes into consideration the foreseen use by the Company, 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 1.4.

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, that 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.

3.4 Impairment losses on interests in subsidiaries, joint ventures and related parties

Interests in subsidiaries, joint ventures and related parties are subject to an impairment test when there is an objective ground to believe that the interest might have suffered an impairment loss. An impairment loss on these interests is recognised if the carrying amount exceeds the recoverable amount. The recoverable amount is calculated by using the Capital Asset Pricing Model, or the present value of future cash flows. These calculations use estimates and assumptions about discount rates, growth rates, future capital needs and future operating results.

For impairment losses recognized during the year, the assumptions about discount rate and growth rate, and sensitivity to these assumptions are described in Note 8.2.

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 (based on a future horizon of three years) 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.

Note 4 – Impact of the transition to IFRS

The financial statements of the Company as of 31 December 2011 have been prepared for the first time in accordance with IFRS. Until 31 December 2010, the financial statements of the Company 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 opening equity at 1 January 2010, on the 2010 statement of comprehensive income, and on the equity at 31 December 2010 is mitigated by the fact that the Company has progressively, since 1 January 2008, aligned its valuation rules under Belgian GAAP to IFRS.

This impact is shown in the following table:

Reconciliation of equity at 1 January 2010	**Belgian GAAP**	**Investment grants**	**Cross-border arrangements**	**Financial instruments at fair value**	**Employee benefits**	**Deferred tax**	**Other restatements**	**IFRS**
Notes		**4.1**	**4.2**	**4.3**	**4.4**	**4.5**	**4.6**	
Intangible assets	69.436.737,49							69.436.737,49
Property, plant and equipment	1.488.428.897,21		-381.620.694,01				2.132.281,23	1.108.940.484,43
Investment property	60.568.458,34							60.568.458,34
Participations in subsidiaries	3.792.264.216,62							3.792.264.216,62
Associates and joint ventures	12.951.508,32							12.951.508,32
Trade and other receivables	475.379.896,34		212.060.823,51				5.991.871,88	693.432.591,73
Derivatives	191.094.156,25			203.720.278,00				394.814.434,25
Other financial assets	1.788.649.450,22			67.557.492,80				1.856.206.943,02
Deferred tax assets	0,00					101.639.086,00		101.639.086,00
Subtotal of non current assets	**7.878.773.320,79**	**0,00**	**-169.559.870,50**	**271.277.770,80**	**0,00**	**101.639.086,00**	**8.124.153,11**	**8.090.254.460,20**
Inventories	720.149,93							720.149,93
Trade and other receivables	816.420.893,36		28.179.012,36				190.813,24	844.790.718,96
Derivatives	65.589.352,34			4.640.502,73				70.229.855,07
Other financial assets	802.103.865,79		-187.585.412,12					614.518.453,67
Current tax assets	0,00							0,00
Cash and cash equivalents	626.968.835,55							626.968.835,55
Subtotal of current assets	**2.311.803.096,97**	**0,00**	**-159.406.399,76**	**4.640.502,73**	**0,00**	**0,00**	**190.813,24**	**2.157.228.013,18**
Non-current assets held for sale	0,00							0,00
TOTAL ASSETS	**10.190.576.417,76**	**0,00**	**-328.966.270,26**	**275.918.273,53**	**0,00**	**101.639.086,00**	**8.314.966,35**	**10.247.482.473,38**

	Belgian GAAP	Investment grants	Cross-border arrangements	Financial instruments at fair value	Employee benefits	Deferred tax	Other restatements	IFRS
Notes		**4.1**	**4.2**	**4.3**	**4.4**	**4.5**	**4.6**	
Share capital	741.778.929,39							741.778.929,39
Reserves	1.221.576.232,09	-1.182.219.318,40	-2.785.004,19	58.868.720,22	-12.417.702,00	101.639.086,00	1.213.646,01	185.875.659,73
Total equity	**1.963.355.161,48**	**-1.182.219.318,40**	**-2.785.004,19**	**58.868.720,22**	**-12.417.702,00**	**101.639.086,00**	**1.213.646,01**	**927.654.589,12**
Employee benefit obligations	438.923.658,78				12.417.702,00			451.341.360,78
Provisions	244.121.099,33						-1.316.934,42	242.804.164,91
Financial liabilities	4.329.169.359,77		-32.551.233,18	94.908.121,89			7.982.762,47	4.399.509.010,95
Derivatives	119.395.660,87		3.884.695,53	112.868.051,69				236.148.408,09
Trade and other payables	10.000.000,00							10.000.000,00
Grants	0,00	1.033.663.058,39	-76.862.031,11					956.801.027,28
Other amounts payable	601.602.593,95		-27.252.376,09					574.350.217,86
Subtotal of non-current liabilities	**5.743.212.372,70**	**1.033.663.058,39**	**-132.780.944,85**	**207.776.173,58**	**12.417.702,00**	**0,00**	**6.665.828,05**	**6.870.954.189,87**
Employee benefit obligations	37.408.187,47							37.408.187,47
Provisions	46.185.291,61						46.452,16	46.231.743,77
Financial liabilities	1.101.831.392,08		-1.106.185,40	3.065.218,54			389.040,13	1.104.179.465,35
Derivatives	4.171.363,88			6.208.161,19				10.379.525,07
Trade and other payables	183.181.176,58							183.181.176,58
Social debts	445.803.453,13							445.803.453,13
Grants	0,00	148.556.260,01						148.556.260,01
Other amounts payable	665.428.018,83		-192.294.135,82					473.133.883,01
Subtotal of current liabilities	**2.484.008.883,58**	**148.556.260,01**	**-193.400.321,22**	**9.273.379,73**	**0,00**	**0,00**	**435.492,29**	**2.448.873.694,39**
Liabilities associated with non-current assets held for sale	0,00							0,00
Total liabilities	8.227.221.256,28	1.182.219.318,40	-326.181.266,07	217.049.553,31	12.417.702,00	0,00	7.101.320,34	9.319.827.884,26
TOTAL EQUITY AND LIABILITIES	**10.190.576.417,76**	**0,00**	**-328.966.270,26**	**275.918.273,53**	**0,00**	**101.639.086,00**	**8.314.966,35**	**10.247.482.473,38**

Reconciliation of equity at 31 December 2010	Belgian GAAP	Investment grants	Cross-border arrangements	Financial instruments at fair value	Employee benefits	Deferred tax	Other restatements	IFRS
Notes		**4.1**	**4.2**	**4.3**	**4.4**	**4.5**	**4.6**	
Intangible assets	92.932.423,62							92.932.423,62
Property, plant and equipment	1.235.544.006,67							1.235.544.006,67
Investment property	60.308.916,65							60.308.916,65
Participations in subsidiaries	3.530.750.773,30							3.530.750.773,30
Associates and joint ventures	12.976.271,73							12.976.271,73
Trade and other receivables	718.762.494,68		-63.594.942,61				-1.929.194,91	653.238.357,16
Derivatives	178.501.697,17			133.044.014,65				311.545.711,82
Other financial assets	1.789.250.800,66			77.136.276,54			-4.466.812,46	1.861.920.264,74
Deferred tax assets	0,00					124.071.843,48		124.071.843,48
Subtotal of non-current assets	**7.619.027.384,48**	**0,00**	**-63.594.942,61**	**210.180.291,19**	**0,00**	**124.071.843,48**	**-6.396.007,37**	**7.883.288.569,17**
Inventories	8.435.468,82							8.435.468,82
Trade and other receivables	1.046.325.432,28						-2.415.194,74	1.043.910.237,54
Derivatives	51.161,59			31.128,99				82.290,58
Other financial assets	667.716.129,04							667.716.129,04
Current tax assets	0,00							0,00
Cash and cash equivalents	982.711.899,00						-45.906,47	982.665.992,53
Subtotal of current assets	**2.705.240.090,73**	**0,00**	**0,00**	**31.128,99**	**0,00**	**0,00**	**-2.461.101,21**	**2.702.810.118,51**
Non-current assets held for sale	166.952,83							166.952,83
TOTAL ASSETS	**10.324.434.428,04**	**0,00**	**-63.594.942,61**	**210.211.420,18**	**0,00**	**124.071.843,48**	**-8.857.108,58**	**10.586.265.640,51**

	Belgian GAAP	Investment grants	Cross-border arrangements	Financial instruments at fair value	Employee benefits	Deferred tax	Other restatements	IFRS
Notes		**4.1**	**4.2**	**4.3**	**4.4**	**4.5**	**4.6**	
Share capital	741.778.929,39							741.778.929,39
Reserves	1.263.471.013,79	-1.224.114.100,10	-2.785.004,19	58.868.720,22	-12.417.702,00	101.639.086,00	1.213.646,01	185.875.659,73
Total comprehensive income for the year	-201.486.305,89		26.130.931,08	-84.926.711,84	12.417.702,00	22.432.757,48	-1.213.646,01	-226.645.273,18
Total equity	**1.803.763.637,29**	**-1.224.114.100,10**	**23.345.926,89**	**-26.057.991,62**	**0,00**	**124.071.843,48**	**0,00**	**701.009.315,94**
Employee benefit obligations	444.223.349,63							444.223.349,63
Provisions	207.226.903,73							207.226.903,73
Financial liabilities	4.276.082.292,75		-35.373.733,19	85.391.224,26				4.326.099.783,82
Derivatives	120.573.069,77		1.988.656,82	146.728.716,27				269.290.442,86
Trade and other payables	20.000.000,00							20.000.000,00
Grants	0	1.156.643.412,08						1.156.643.412,08
Other amounts payable	438.164.776,42		-50.724.840,20					387.439.936,22
Subtotal of non-current liabilities	**5.506.270.392,30**	**1.156.643.412,08**	**-84.109.916,57**	**232.119.940,53**	**0,00**	**0,00**	**0,00**	**6.810.923.828,34**
Employee benefit obligations	34.497.379,44							34.497.379,44
Provisions	29.420.684,97							29.420.684,97
Financial liabilities	1.467.738.481,13		0,00	12.069,29			-309.571,70	1.467.440.978,72
Derivatives	31.523.527,26			4.137.401,98				35.660.929,24
Trade and other payables	276.356.161,52						-1.271.686,92	275.084.474,60
Social debts	552.417.405,88							552.417.405,88
Grants	0	67.470.688,02						67.470.688,02
Other amounts payable	622.446.758,25		-2.830.952,93				-7.275.849,96	612.339.955,36
Subtotal of current liabilities	**3.014.400.398,45**	**67.470.688,02**	**-2.830.952,93**	**4.149.471,27**	**0,00**	**0,00**	**-8.857.108,58**	**3.074.332.496,23**
Liabilities associated with non-current assets held for sale								0,00
Total liabilities	**8.520.670.790,75**	**1.224.114.100,10**	**-86.940.869,50**	**236.269.411,80**	**0,00**	**0,00**	**-8.857.108,58**	**9.885.256.324,57**
TOTAL EQUITY AND LIABILITIES	**10.324.434.428,04**	**0,00**	**-63.594.942,61**	**210.211.420,18**	**0,00**	**124.071.843,48**	**-8.857.108,58**	**10.586.265.640,51**

Reconciliation of total comprehensive income for 2010	Belgian GAAP	Investment grants	Cross-border arrangements	Financial instruments at fair value	Employee benefits	Deferred tax	Other restatements	IFRS
Notes		**4.1**	**4.2**	**4.3**	**4.4**	**4.5**	**4.6**	
Turnover	2.266.048.991,65							2.266.048.991,65
Operating grants	223.225.975,92							223.225.975,92
Internally generated fixed assets	30.957.367,14							30.957.367,14
Other operating income	46.998.831,59						-6.351.084,24	40.647.747,35
Purchase of raw materials and goods for resale	-214.067,18							-214.067,18
Services and other goods	-270.150.554,48						-1.297.047,73	-271.447.602,21
Employee benefit expenses	-2.143.634.862,09				**-228.011,25**			-2.143.862.873,34
Other operating expenses	-23.825.796,12		12.762.313,30					-11.063.482,82
Total of the operating expenses before depreciation and impairment	**129.405.886,43**	**0,00**	**12.762.313,30**	**0,00**	**-228.011,25**	**0,00**	**-7.648.131,97**	**134.292.056,51**
Investment grants	80.760.231,80							80.760.231,80
Depreciation and impairment losses on intangible assets , property, plant and equipment and investment properties	-95.367.243,77						6.211.910,15	-89.155.333,62
Impairment losses on investments in subsidiaries, joint ventures and associate	-291.400.279,91							-291.400.279,91
Operating result	**-176.601.405,45**	**0,00**	**12.762.313,30**	**0,00**	**-228.011,25**	**0,00**	**-1.436.221,82**	**-165.503.325,22**
Financial income	168.544.704,81		13.368.617,78	145.001.156,69			174.083,51	327.088.562,79
Financial expenses	-184.641.497,68			-229.927.868,53	-446.841,17		48.492,30	-414.967.715,08
Net result from continuing operations before tax	**-192.698.198,32**	**0,00**	**26.130.931,08**	**-84.926.711,84**	**-674.852,42**	**0,00**	**-1.213.646,01**	**-253.382.477,51**
Income taxes						21.415.721,28		21.415.721,28
NET RESULT FOR THE YEAR	**-192.698.198,32**	**0,00**	**26.130.931,08**	**-84.926.711,84**	**-674.852,42**	**21.415.721,28**	**-1.213.646,01**	**-231.966.756,23**
Actuarial differences on post-employment benefits	-8.788.107,57				13.092.554,42			4.304.446,85
Tax relating to other comprehensive income						1.017.036,20		1.017.036,20
Total other comprehensive income for the year	**-8.788.107,57**	**0,00**	**0,00**	**0,00**	**13.092.554,42**	**1.017.036,20**	**0,00**	**5.321.483,05**
TOTAL COMPREHENSIVE INCOME	**-201.486.305,89**	**0,00**	**26.130.931,08**	**-84.926.711,84**	**12.417.702,00**	**22.432.757,48**	**-1.213.646,01**	**-226.645.273,18**

4.1 **Investment grants**

Investment grants on intangible assets, property, plant and equipment are accounted for as equity in the Belgian GAAP accounts at 31 December 2009 and 2010, while they are accounted for as liabilities in the IFRS accounts as of 1 January 2010 (1.033.663.058,39 EUR under non-current liabilities and 148.556.260,01 EUR under current liabilities) and 31 December 2010 (1.156.643.412,08 EUR under non-current liabilities and 67.470.688,02 EUR under current liabilities).

4.2 **Cross-border arrangements**

As described in the note 32, the Company concluded cross-border arrangements with foreign Trusts. Property, plant and equipment (mainly rolling stock) were accounted for by SNCB Holding in their financial statements under Belgian GAAP before the date of transition to IFRS following the SIC 27 application (Evaluating the Substance of Transactions involving the Legal Form of a Lease).

The lease contracts for this equipment with SNCB and Infrabel were only recognized in the Belgian GAAP and IFRS financial statements as at 1 January 2010. The impact results from the recognition of financial lease receivables on SNCB and Infrabel, the derecognition of property, plant and equipment at carrying value and related investment grants.

As part of the alignment of Belgian GAAP rules to IFRS rules, SNCB Holding recorded at 1 January 2010 the capital gains realized and fees received from the Trusts previously recognized in net result as other amounts payable, and reversed the liabilities for onerous contract with SNCB and Infrabel recorded before the transition date.

Under Belgian generally accepted accounting principles SNCB Holding spreads the income received upon the restructuring of certain cross-border arrangements, out over time. Under IFRS this income is recognized in net result at the moment the transaction is concluded.

4.3 **Financial instruments at fair value**

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 that was recognised in the Belgian GAAP accounts up till 31 December 2009 was reversed as at 1 January 2010.

According to SIC 27, certain investments and liabilities under cross-border arrangements were recognised at 1 January 2010. The Company chose to value some of these investments and liabilities at fair value at 1 January 2010.

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 1 January 2010, except for positive fair value adjustments of financial instruments, investments and liabilities only recognised in the IFRS accounts.

4.4 **Employee benefits**

The restatements relating to employee benefits are mainly due to the liability for employer contribution in the Social Fund on pensions for statutory personnel. This liability was modified in the IFRS accounts at 1 January 2010 (increase of non-current employee benefit obligations with an amount of 12.417.702,00 EUR) 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.

4.5 **Deferred taxes**

A deferred tax asset (101.639.086,00 EUR at 1 January 2010 and 124.071.843,48 EUR at 31 December 2010) calculated on temporary differences which include mainly positive fair value adjustments of financial instruments, some liabilities for employee benefits and recoverable tax losses, is only recognised in the IFRS financial statements.

4.6 **Other restatements**

Other restatements include mainly the accounting of certain long leases as owner and lease tenant that are finance leases under IAS 17 as well as the accounting of the actualization of the provision for legal claims under IAS 37.

Note 5 - Intangible assets

	Internally generated Softwares
Carrying value at 1 January 2010	**69.436.737,49**
Individual acquisitions	32.916.235,36
Disposals	0,00
Transfers	
other categories within the section	0,00
other	0,00
Impairment losses	0,00
Reversal of impairment losses	0,00
Other movements	-9.420.549,23
Carrying value at 31 December 2010	**92.932.423,62**
Carrying value at 1 January 2011	92.932.423,62
Individual acquisitions	34.105.309,57
Disposals	0,00
Transfers:	
other categories within the section	0,00
other	0,00
Impairment losses	0,00
Reversal of impairment losses	0,00
amortisation	-11.544.372,45
Carrying value at 31 December 2011	**115.493.360,74**

	Internally generated Softwares
As at 1 January 2010	
Cost	97.048.945,65
Accumulated amortisation	-27.612.208,16
Accumulated impairment	0,00
Carrying value at 1 January 2010	**69.436.737,49**
As at 31 December 2010	
Cost	129.965.181,01
Accumulated amortisation	-37.032.757,39
Accumulated impairment	0,00
Carrying value at 31 December 2010	**92.932.423,62**
As at 31 December 2011	
Cost	164.070.490,58
Accumulated amortisation	-48.577.129,84
Accumulated impairment	
Carrying value at 31 December 2011	**115.493.360,74**

Intangible assets that are not yet ready for use amount to 60.753.929,76 EUR at 31/12/2011, to 59.248.354,78 EUR at 31/12/2010 and to 45.972.457,27 EUR at 1/1/2010. This software under construction is fully financed by grants and therefore was not subject to any impairment loss on these dates.

The costs of research and development recognized in net result amount to 2.467.646,04 EUR (2010: 61.063,45 EUR).

Carrying value of intangible assets	**31/12/2010**	**31/12/2011**
Acquired through grants: internally generated softwares	92.872.204,82	115.473.758,45

Note 6 – Property, plant and equipment

6.1 Property, plant and equipment

	Note	Land	Buildings	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2010		**28.321.098,75**	**764.736.350,35**	**0,00**	**134.839.404,27**	**181.043.631,06**	**1.108.940.484,43**
Individual acquisitions		9.775,80	450.407,20	0,00	37.515.378,32	195.562.554,39	**233.538.115,71**
Internally generated		0,00	0,00	0,00	0,00	12.002.709,56	**12.002.709,56**
Borrowing cost		0,00	0,00	0,00	0,00	349.871,69	**349.871,69**
Disposals		0,00	0,00	0,00	-34.050.424,91	0,00	**-34.050.424,91**
Transfer to:							
non-current assets held for sale	16	-163.062,34	1.140.801,34	0,00	-87.773,54	-6.171.968,67	**-5.282.003,21**
other category within this section		37.533.458,32	3.047.156,85	0,00	-4.991.666,84	-35.588.948,33	**0,00**
other		-30.233,32	1.136,62	0,00	0,00	0,00	**-29.096,70**
Impairment losses		0,00	-5.760.059,96	0,00	-232.739,68	0,00	**-5.992.799,64**
Reversal of impairment losses		0,00	0,00	0,00	0,00	0,00	**0,00**
Depreciation		0,00	-46.587.375,42	0,00	-27.345.474,84	0,00	**-73.932.850,26**
Carrying value at 31 December 2010		**65.671.037,21**	**717.028.416,98**	**0,00**	**105.646.702,78**	**347.197.849,70**	**1.235.544.006,67**
Carrying value at 1 January 2011		**65.671.037,21**	**717.028.416,98**	**0,00**	**105.646.702,78**	**347.197.849,70**	**1.235.544.006,67**
Individual acquisitions		352.885,13	11.071,63	6.528.557,55	1.025.529.298,90	99.152.714,91	**1.131.574.528,12**
Internally generated		0,00	0,00	0,00	0,00	11.053.545,99	**11.053.545,99**
Borrowing cost		0,00	0,00	0,00	0,00	506.988,84	**506.988,84**
Disposals		0,00	-	0,00	-1.005.265.205,92	0,00	**-1.005.265.205,92**
Transfer to:		0,00	0,00	0,00	0,00	0,00	**0,00**
non-current assets held for sale	16	-792.713,47	-547.704,48	-2.097.031,43	-48.535,25	-47.079.764,53	**-50.565.749,16**
other category within this section		9.684.514,92	29.881.587,44	0,00	10.563.424,02	-50.129.526,38	**0,00**
other		-926.530,68	-2.302.443,39	0,00	-9.344.119,30	-5.382.389,13	**-17.955.482,50**
Impairment losses		0,00	-423.096,81	-1.476.065,92	-344.276,47	0,00	**-2.243.439,20**
Reversal of impairment losses		0,00	0,00	0,00	0,00	0,00	**0,00**
Depreciation		0,00	-46.066.482,10	0,00	-22.442.801,25	0,00	**-68.509.283,35**
Carrying value at 31 December 2011		**73.989.193,11**	**697.581.349,27**	**2.955.460,20**	**104.294.487,51**	**355.319.419,40**	**1.234.139.909,49**

	Land	Buildings	Railway rolling stock	Plant and various equipment	Assets under construction	Total
As at 1 January 2010						
Cost	28.321.098,75	1.130.677.379,36	0,00	275.898.038,40	181.043.631,06	**1.615.940.147,57**
Accumulated depreciation	0,00	-365.939.892,39	0,00	-141.058.634,13	0,00	**-506.998.526,52**
Accumulated impairment	0,00	-1.136,62	0,00	0,00	0,00	**-1.136,62**
Carrying value at 1 January 2010	**28.321.098,75**	**764.736.350,35**	**0,00**	**134.839.404,27**	**181.043.631,06**	**1.108.940.484,43**
As at 31 December 2010						
Cost	65.671.037,21	1.135.238.220,48	0,00	133.224.917,30	347.197.849,70	**1.681.332.024,69**
Accumulated depreciation	0,00	-418.209.803,50	0,00	-27.345.474,84	0,00	**-445.555.278,34**
Accumulated impairment	0,00	0,00	0,00	-232.739,68	0,00	**-232.739,68**
Carrying value at 31 December 2010	**65.671.037,21**	**717.028.416,98**	**0,00**	**105.646.702,78**	**347.197.849,70**	**1.235.544.006,67**
As at 31 December 2011						
Cost	73.989.193,11	1.141.295.993,20	4.431.526,12	281.522.057,25	355.319.419,40	**1.856.558.189,08**
Accumulated depreciation	0,00	-443.714.643,93	0,00	-177.227.569,74	0,00	**-620.942.213,67**
Accumulated impairment	0,00	0,00	-1.476.065,92	0,00	0,00	**-1.476.065,92**
Carrying value at 31 December 2011	**73.989.193,11**	**697.581.349,27**	**2.955.460,20**	**104.294.487,51**	**355.319.419,40**	**1.234.139.909,49**

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.

6.2 Property, plant and equipment - Leasing

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

	Buildings	Plant and various equipment
As at 1 January 2010		
Cost	7.899.468,57	-
Accumulated depreciation	- 5.761.502,95	-
Accumulated impairment	-	-
Carrying value at 1 January 2010	**2.137.965,62**	**-**
As at 31 December 2010		
Cost	7.899.468,57	-
Accumulated depreciation	- 5.959.691,46	-
Accumulated impairment	-	-
Carrying value at 31 December 2010	**1.939.777,11**	**-**
As at 31 December 2011		
Cost	7.899.468,57	4.808.875,40
Accumulated depreciation	- 6.157.879,98	- 242.649,68
Accumulated impairment	-	-
Carrying value at 31 December 2011	**1.741.588,59**	**4.566.225,72**

6.3 Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2010	31/12/2011
of which the property is		
restricted	-	-
given as a collateral for debts	12.643.548,11	27.452.839,64
Total	**12.643.548,11**	**27.452.839,64**

Carrying value of property, plant and equipment	31/12/2010	31/12/2011
Acquired through grants		
Land	*16.312.800,16*	23.163.660,45
Buildings	*640.240.961,40*	627.390.106,87
Plant and various equipment	*99.554.119,72*	86.018.958,70
Assets under construction	*311.395.035,71*	345.128.001,13
Total	**1.067.502.916,99**	**1.081.700.727,15**

Note 7 – Investment property

7.1 Investment property

	Land	Buildings	Total
Carrying value at 1 January 2010	**56.149.894,93**	**4.418.563,41**	**60.568.458,34**
Individual acquisitions	0,00	0,00	0,00
Internally generated	0,00	0,00	0,00
Disposals	0,00	0,00	0,00
Borrowing cost	0,00	0,00	0,00
Transfer to:			
non-current assets held for sale	0,00	0,00	0,00
property, plant and equipment	0,00	0,00	0,00
other	0,00	0,00	0,00
Impairment losses	0,00	0,00	0,00
Reversal of impairment losses	0,00	0,00	0,00
Depreciation	0,00	-259.541,69	-259.541,69
Carrying value at 31 December 2010	**56.149.894,93**	**4.159.021,72**	**60.308.916,65**
Carrying value at 1 January 2011	**56.149.894,93**	**4.159.021,72**	**60.308.916,65**
Individual acquisitions	0,00	751.416,95	751.416,95
Internally generated	0,00	0,00	0,00
Disposals	0,00	0,00	0,00
Borrowing cost	0,00	0,00	0,00
Transfer to:			
non-current assets held for sale	-859.977,75	0,00	-859.977,75
property, plant and equipment	0,00	0,00	0,00
other	921.334,71	12.122.090,90	13.043.425,61
Impairment losses	0,00	0,00	0,00
Reversal of impairment losses	15.706,53	0,00	15.706,53
Depreciation	0,00	-899.654,42	-899.654,42
Carrying value at 31 December 2011	**56.226.958,42**	**16.132.875,15**	**72.359.833,57**

	Land	Buildings	Total
As at 1 January 2010			
Cost	56.165.601,46	34.382.062,89	90.547.664,35
Accumulated depreciation	0,00	-29.963.499,48	-29.963.499,48
Accumulated impairment	-15.706,53	0,00	-15.706,53
Carrying value at 1 January 2010	**56.149.894,93**	**4.418.563,41**	**60.568.458,34**
As at 31 December 2010			
Cost	56.165.601,46	34.382.062,89	90.547.664,35
Accumulated depreciation	0,00	-30.223.041,17	-30.223.041,17
Accumulated impairment	-15.706,53	0,00	-15.706,53
Carrying value at 31 December 2010	**56.149.894,93**	**4.159.021,72**	**60.308.916,65**
As at 31 December 2011			
Cost	56.226.958,42	70.960.637,60	127.187.596,02
Accumulated depreciation	0,00	-54.827.762,45	-54.827.762,45
Accumulated impairment	0,00	0,00	0,00
Carrying value at 31 December 2011	**56.226.958,42**	**16.132.875,15**	**72.359.833,57**

7.2 Other information related to investment property

Carrying value of Investment properties	31/12/2010	31/12/2011
of which the property is		
restricted	0,00	0,00
given as a collateral for debts	0,00	4.179.466,98
Total		**4.179.466,98**

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	10.937.025,79	14.407.549,74
Operating expenses	3.050.024,76	5.372.617,27

Investment properties include land and buildings leased out under an operating lease:

	31/12/2010			31/12/2011		
	Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Cost	25.547.289,49	26.592.642,17	52.139.931,66	27.588.359,75	30.806.341,34	58.394.701,09
Accumulated depreciation at 1 January		-25.624.671,08	-25.624.671,08	0,00	-26.503.926,83	-26.503.926,83
Depreciation of the year	0,00	-77.793,86	-77.793,86	0,00	-355.203,88	-355.203,88
Carrying value at 31 December	**25.547.289,49**	**890.177,23**	**26.437.466,72**	**27.588.359,75**	**3.947.210,63**	**31.535.570,38**

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	160.862.916,18	26.043.282,41	186.906.198,59
Fair value as at 31 December 2010	165.468.328,16	26.788.886,48	192.257.214,64
Fair value as at 31 December 2011	171.843.730,56	27.821.047,34	199.664.777,90

Note 8 - Interests in subsidiaries

8.1 Interests in subsidiaries

	2010	2011
Carrying value at 1 January	**3.792.264.216,62**	**3.530.750.773,30**
Acquisitions	29.874.700,00	43.373.394,00
Disposals	0,00	0,00
Impairment	-291.388.143,32	-130.311.241,17
Reversal of impairment losses	0,00	0,00
Carrying value at 31 December	**3.530.750.773,30**	**3.443.812.926,13**

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT number
	2010	2011		
L.A. Group SA	99,93	99,93	Bruxelles	BE 0419 345 054
A+ Logistics SA	99,20	99,20	Roubaix	FR 064 7548 2261
Infrabel SA	93,61	93,63	Bruxelles	BE 0869 763 267
SNCB SA	100,00	100,00	Bruxelles	BE 0869 763 069
Rail Facilities SA	99,99	99,99	Bruxelles	BE 0403 265 325
Eurostation SA	99,97	99,97	Bruxelles	BE 0446 601 757
Eurogare SA	75,00	75,00	Liège	BE 0451 150 562
Syntigo SA	99,99	99,99	Bruxelles	BE 0476 975 427
Foncière rue de France SA	99,92	99,92	Bruxelles	BE 0433 939 101
B-Parking SA	100,00	100,00	Bruxelles	BE 0899 348 834
SPV 162 SA	100,00	100,00	Bruxelles	BE 0886 279 892
SPV Zwankendamme SA	100,00	100,00	Bruxelles	BE 0888 985 105
SPV Brussels Port SA	100,00	100,00	Bruxelles	BE 0889 172 472
SPV LLN SA	100,00	100,00	Bruxelles	BE 0826 478 107
Be-Mobile SA	22,50	22,50	Zwijnaarde	BE 0884 443 228
Transurb Technirail SA	92,00	92,00	Bruxelles	BE 0413 393 907
South Station SA	-	25,10	Bruxelles	BE 0896 513 095

Share of voting rights in Infrabel is 20% less one vote.

8.2 Impairment on interests in subsidiaries

The recoverable amount is equal to the value in use. This value is calculated using the Capital Asset Pricing Model, or the present value of future cash flows.

The impairment loss on interests in subsidiaries recorded in 2011 amounts to 130.311.241,17 EUR, of which 128.598.541,17 EUR relates to SNCB. This brings the net book value of this participation down to zero as at 31/12/2011.

The cash flows used to determine the recoverable amount of the interest in SNCB are based on the perspectives established by management over a period of four years, and a growth rate of 2% over this period was chosen . The discount rate (WACC) does not take into account a tax rate. The result of the impairment loss remains unchanged if the WACC is in the range of 5% to 15%.

For the other participations, the calculations were based on a normalized cash flow determined based on the annual accounts that are available for the last three years.

Note 9 - Interests in joint ventures and associates

9.1 Interests in joint ventures and associates

	Note	31/12/2010	31/12/2011
Interests in joint ventures	9.2	668.663,90	1.482.615,04
Interests in associates	9.3	12.307.607,83	12.271.262,81
Carrying value at 31 December		**12.976.271,73**	13.753.877,85

9.2 Interests in joint ventures

	2010	2011
Carrying value as at 1 January	631.530,71	668.663,90
Acquisitions	36.900,00	0,00
Disposals	0,00	0,00
Impairment	0,00	0,00
Reversals of impairment losses	233,19	813.951,14
Carrying value as at 31 December	668.663,90	1.482.615,04

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT nummer
	2010	2011		
Publifer	50,00	50,00	Bruxelles	BE 0402695 933
Blue Mobility	60,00	60,00	Anvers	BE 0832 369 965

9.3 Interests in associates

	2010	2011
Carrying value as at 1 January	12.319.977,61	12.307.607,83
Acquisitions	0,00	0,00
Disposals	-12.369,78	-36.345,02
Impairment	0,00	0,00
Reversals of impairment losses	0,00	0,00
Carrying value as at 31 December	**12.307.607,83**	**12.271.262,81**

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT nummer
	2010	2011		
Eurofima	9,80	9,80	Bâle	N.C.
Optimobil	24,01	24,01	Bruxelles	BE 0471 868 277

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		0,00	0,00	0,00	0,00	0,00	0,00
Receivables on public authorities		0,00	0,00	0,00	0,00	0,00	0,00
Other trade receivables		0,00	0,00	0,00	0,00	0,00	0,00
Other receivables		653.238.357,16	0,00	653.238.357,16	630.848.985,17	0,00	630.848.985,17
Receivables on public authorities		133.414.070,28	0,00	133.414.070,28	160.080.487,58	0,00	160.080.487,58
Deferred charges		0,00	0,00	0,00	3.998.937,22	0,00	0,00
Accrued income		0,00	0,00	0,00	0,00	0,00	0,00
Finance lease receivables	10.3	386.585.929,32	0,00	386.585.929,32	334.551.792,37	0,00	334.551.792,37
Other receivables		133.238.357,56	0,00	133.238.357,56	132.217.768,00	0,00	132.217.768,00
Total (non current)		**653.238.357,16**	**0,00**	**653.238.357,16**	**630.848.985,17**	**0,00**	**630.848.985,17**
Current							
Trade receivables		505.272.357,16	-3.157.570,40	502.114.786,76	487.354.692,66	-4.511.581,41	482.843.111,25
Amounts due from customers for contract work	11	36.574.062,46		36.574.062,46	17.917.505,27	0,00	17.917.505,27
Receivables on public authorities		74.141.296,34	0,00	74.141.296,34	76.312.800,32	0,00	76.312.800,32
Other trade receivables		394.556.998,36	-3.157.570,40	391.399.427,96	393.124.387,07	-4.511.581,41	388.612.805,66
Other receivables		544.991.359,19	-3.195.908,41	541.795.450,78	534.761.123,37	-2.251.920,13	534.695.830,07
Receivables on public authorities		52.652.832,75	-30.157,75	52.622.675,00	50.024.523,49	-106.201,30	49.918.322,19
Deferred charges		26.553.369,52	0,00	26.553.369,52	26.062.176,44	0,00	26.062.176,44
Accrued income		213.896.565,67	0,00	213.896.565,67	224.108.642,39	0,00	224.108.642,39
Finance lease receivables	10.3	81.633.061,17	0,00	81.633.061,17	33.024.886,64	0,00	33.024.886,64
Other receivables		170.255.530,08	-3.165.750,66	167.089.779,42	201.540.894,41	-2.145.718,83	201.581.802,41
Total (current)		**1.050.263.716,35**	**-6.353.478,81**	**1.043.910.237,54**	**1.022.115.816,03**	**-6.763.501,54**	**1.017.538.941,32**

10.2 Trade and other receivables: impairment losses

The nominal value of trade and other receivables that are subject to impairment losses amounts to 6.763.501,54 EUR (6.353.478,81 EUR) at 31 December 2011 (2010). The table below shows the changes in accumulated impairment losses on these trade and other receivables.

The exposure of the Company to credit risk and currency risk relating to trade and other receivables, excluding construction contracts and deferred charges, is given in note 2.

	2010	2011
Impairment on non-current trade and other receivables		
At 1 January	0,00	0,00
Charged to impairment	0,00	0,00
Utilisation of impairment on irrecoverable receivables that are reversed	0,00	0,00
Reversal of impairment	0,00	0,00
At 31 December	**0,00**	**0,00**

	2010	2011
Impairment on current trade and other receivables		
At 1 January	**6.385.417,87**	**6.353.478,81**
Charged to impairment	2.041.913,82	3.814.228,41
Utilisation of impairment on irrecoverable receivables that are reversed	-1.376.972,50	-842.883,06
Reversal of impairment	-696.880,38	-2.561.322,62
At 31 December	**6.353.478,81**	**6.763.501,54**

10.3 Financial lease receivables

	Less than 1 year	Between one and five years	More than 5 years	Total
Net investments at 31/12/2010				
Future minimum payments	89.286.306,19	166.081.618,54	391.178.740,02	646.546.664,75
Unearned financial income	-7.653.245,02	-52.182.089,20	-118.492.340,04	-178.327.674,26
Total	**81.633.061,17**	**113.899.529,34**	**272.686.399,98**	**468.218.990,49**
Net investments at 31/12/2011				
Future minimum payments	45.769.596,22	143.264.880,57	342.023.232,77	531.057.709,56
Unearned financial income	-12.744.709,58	-45.709.149,26	-105.027.171,71	-163.481.030,55
Total	**33.024.886,64**	**97.555.731,31**	**236.996.061,06**	**367.576.679,01**

SNCB Holding concluded finance lease contracts with companies of the SNCB Group relating to rolling stock, railway infrastructure and a "Qualified technological equipment" for periods between 2 and 39 years, and long leases of 99 years with third parties relating to land and buildings.

The unguaranteed residual values returning to the Company under the finance lease contracts amount to 3.328.077,53 EUR (3.321.744,53 EUR) as at 31 December 2011 (2010).

Note 11 – Construction contracts

	Notes	31/12/2010	31/12/2011
Income generated out of construction contracts (for the year)	26.1.1	92.188.359,54	78.465.229,01
Aggregate amount of costs incurred		86.463.271,60	116.639.515,87
Aggregate amount of recognised profits (losses)		13.449.725,13	10.540.114,42
Amount of advances received	22	20.000.000,00	27.742.524,57
Retentions		0,00	0,00

The total amount due from customers for construction contracts of which the aggregate amount of costs incurred increased with recognised profits or reduced with recognised losses is higher than the amount of intermediate invoicing is recorded at the assets side of the statement of financial position under the current trade and other receivables.

		Note	31/12/2010	31/12/2011
Aggregate amount of:	Costs incurred		69.423.597,66	76.667.972,50
	Recognised profits (losses)		12.403.347,06	12.021.515,73
Aggregate amount of:	Intermediate invoicing		-45.252.882,26	-70.771.982,96
Gross amounts due from customers for contract work		10	**36.574.062,46**	**17.917.505,27**

The total amount due to customers for construction contracts for which the amount of intermediate invoicing is higher than the aggregate amount of costs incurred increased with recognised profits or reduced with recognised losses is recorded at the liabilities side of the statement of financial position under the current and non-current trade and other payables.

		Note	31/12/2010	31/12/2011
Aggregate amount of:	Costs incurred		-17.039.673,94	-39.971.543,37
	Recognised profits (losses)		-1.046.378,07	1.481.401,31
Aggregate amount of:	Intermediate invoicing		48.278.093,36	60.681.557,50
Gross amounts due to customers for contract work		22	**30.192.041,35**	**22.191.415,44**

The amount of advances received is as follows:

	Note	31/12/2010	31/12/2011
Advances received		20.000.000,00	30.000.000,00
Capitalized interest		0,00	982.738,53
Aggregate amount of: Costs incurred		0,00	-3.240.213,96
Advances received from customers for construction contracts	22	**20.000.000,00**	**27.742.524,57**

Note 12 – Derivatives

12.1 Derivatives by category

	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	31.128,99	0,00	0,00
Inflation swaps	0,00	4.898.057,16	9.359.141,26	0,00
Other derivatives	0,00	0,00	4.759.927,51	70.000.000,00
Total	**311.628.002,40**	**304.951.372,10**	**306.219.206,95**	**492.598.986,55**
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	0,00	0,00	0,00	0,00
Inflation swaps	0,00	4.898.057,16	9.359.141,26	0,00
Other derivatives	0,00	0,00	4.759.927,51	47.500.000,00
Total	**311.545.711,82**	**269.290.442,86**	**305.304.833,36**	**444.941.518,14**
Current part :				
Interest rate swaps	51.161,59	31.366.419,75	1.499.109,33	31.300.121,19
Currency swaps	0,00	4.263.380,50	-584.735,74	-6.142.652,78
Petroleum swap	31.128,99	31.128,99	0,00	0,00
Inflation swaps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	22.500.000,00
Total	**82.290,58**	**35.660.929,24**	**914.373,59**	**47.657.468,41**

Other derivatives represent commitments made by the Company under the Shareholders' Agreement on the restructuring of SNCB Logistics SA, approved by the European Union.

The exposure of the Company to financial risks is presented in Note 2.

Note 13 – Other financial assets

13.1 Other financial assets: available-for-sale financial assets

	Note	2010	2011
As at 1 January		**61.363.045,18**	**90.469.256,47**
Acquisitions		29.075.287,14	58.167.656,95
Disposals		0,00	0,00
Interest income	28.1	182.427,39	408.726,11
Interest received		-143.685,62	-417.636,40
Impairment losses		-7.817,62	-7.085.999,43
Adjustment of fair value through other comprehensive income		0,00	1.572.295,87
As at 31 December		**90.469.256,47**	**143.114.299,57**
Non current		90.430.514,70	143.084.468,09
Current		38.741,77	29.831,48

The exposure of the Company to financial risks is presented in Note 2.

Note 14 – Inventories

	31/12/2010	31/12/2011
Merchandise and supplies	8.435.468,82	8.273.133,67
Materials	0,00	0,00
Work in progress	0,00	0,00
Finished goods	0,00	0,00
Carrying value	**8.435.468,82**	**8.273.133,67**
Of which:		
Carrying value expected to be recovered within 12 months	0,00	0,00
Carrying value expected to be recovered in more than 12 months	**8.435.468,82**	**8.273.133,67**

No addition to or reversal of write-downs on inventories was recorded in net result in 2010 and 2011.

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		974.676.874,54	731.431.305,80
Cash at bank		7.761.563,17	86.382.438,46
Cash in hand		227.554,82	221.759,67
Total		**982.665.992,53**	**818.035.503,93**
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts used for cash management purposes	20.1	-21,18	0,00
		982.665.971,35	**818.035.503,93**

The exposure of the Company to financial risks is presented in Note 2.

The balance of cash and cash equivalents that is not available fo the Company 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		
Property, plant and equipment	414.848,04	2.690.610,16
Accumulated impairment	-247.895,21	-864.600,52
Total	**166.952,83**	**1.826.009,64**
Liabilities associated with non-current assets held for sale		
Provisions	0,00	0,00
Total	0,00	0,00

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

	2010	2011
Impairment losses at 1 January	**0,00**	**247.895,21**
Additions	247.895,21	616.705,31
Reversal	0,00	0,00
Impairment losses at 31 December	**247.895,21**	**864.600,52**

The losses of the period were recorded in the statement of comprehensive income under the section "Depreciation and impairment losses on intangible assets and, property, plant and equipment and investment properties".

Note 17 - Capital

The evolution of capital is as follows:

	Share of 3,09866906	Share of 2,47893525	Dividend-right share	Total
At 1 January 2010				
CAPITAL				
Number of shares	185.304.705	67.601.997	20.000.000	272.906.702
Suscribed amount	574.197.956,06	167.580.973,33		741.778.929,39
Uncalled amount	0,00	0,00		0,00
Total	**574.197.956,06**	**167.580.973,33**		**741.778.929,39**
At 31 December 2010				
CAPITAL				
Number of shares	185.304.705	67.601.997	20.000.000	272.906.702
Suscribed amount	574.197.956,06	167.580.973,33		741.778.929,39
Uncalled amount	0,00	0,00		0,00
Total	**574.197.956,06**	**167.580.973,33**		**741.778.929,39**
At 31 December 2011				
CAPITAL				
Number of shares	185.304.705	67.601.997	20.000.000	272.906.702
Suscribed amount	574.197.956,06	167.580.973,33		741.778.929,39
Uncalled amount	0,00	0,00		0,00
Total	**574.197.956,06**	**167.580.973,33**		**741.778.929,39**

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

The Belgian State owns directly and indirectly 99.87% of the voting rights

Note 18 - Employee benefits

18.1 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	382.028.569,96	366.411.982,10
Other long-term benefits	767.668,06	867.071,66
Termination benefits	95.924.491,05	90.397.058,36
Total liability in the statement of financial position	**478.720.729,07**	**457.676.112,12**
- current	34.497.379,44	30.564.549,81
- non current	444.223.349,63	427.111.562,31

18.1.1 Description of the employee benefits

The defined benefit plans share risks between entities that are subject to a common control, namely the Belgian state. The legal and regulatory framework governing the status of personnel within the SNCB Group stipulates that SNCB Holding is the sole employer of all personnel employed within the SNCB Group. As for as Infrabel, SNCB and B-Logistics are concerned, they have the personnel necessary to accomplish their mission at their disposal, temporarily transferred by SNCB Holding. There is no contractual agreement or stated policy for charging to individual group entities the net defined benefit cost measured under IAS 19. Also, the net defined benefit cost is recognized in the separate financial statements of SNCB Holding, which is "legally the sponsoring employer for the regime." The other group entities should account, in their separate financial statements, a cost equal to their contribution payable for the period.

a. Post-employment benefits

The applicable post-employment benefits are the following:

1. Employer contributions to the Social Solidarity Fund

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

2. Hospitalisation insurance

In the context of the social agreement 2008-2010 it was agreed that the Company 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 Company 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 Company 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 Company. The liability of the Company 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.

b. <u>Other long-term employee benefits</u>

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.

c. **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.

18.1.2 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 (+)	382.028.569,96	767.668,06	95.924.491,05	478.720.729,07	366.411.982,10	867.071,66	90.397.058,36	457.676.112,12
Fair value of plan assets end of period (-)	-	-	-	-	-	-	-	-
Total	**382.028.569,96**	**767.668,06**	**95.924.491,05**	478.720.729,07	**366.411.982,10**	**867.071,66**	**90.397.058,36**	457.676.112,12
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)	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**	**366.411.982,10**	**867.071,66**	**90.397.058,36**	**457.676.112,12**
Defined benefit obligation end of period :								
For unfunded plans (+)	382.028.569,96	767.668,06	95.924.491,05	478.720.729,07	366.411.982,10	867.071,66	90.397.058,36	457.676.112,12
For funded plans (-)	-	-	-	**-**	-	-	-	-
Total	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**	**366.411.982,10**	**867.071,66**	**90.397.058,36**	**457.676.112,12**

The amounts relating to defined benefit plans recognised in the statement of comprehensive income is detailed as follows:

		31/12/2010				31/12/2011			
	Notes	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Total expense									
Current service cost (+)		11.568.086,77	40.704,82	2.458.921,62	14.067.713,21	9.659.585,02	157.144,54	4.309.669,30	14.126.398,86
Interest cost (+)		16.998.985,16	26.712,87	3.074.030,66	20.099.728,69	17.459.358,52	24.736,29	2.654.341,68	20.138.436,49
Expected return on plan assets (-)		-	-	-	-	-	-	-	-
Amortisation of actuarial gains (-) / losses (+)		-	64.596,80	- 2.184.624,02	- 2.120.027,22	-	53.746,57	2.915.104,13	2.968.850,70
Amortisation of past service cost		-	-	-	-	-	-	-	-
Curtailment / settlement gain / loss		221.173,56	- 6.572,77	- 369.604,84	- 155.004,05	-	-	-	-
Effect of paragraph 58(b) limit		-	-	-	-	-	-	-	-
Total expense		**28.788.245,49**	**125.441,72**	**2.978.723,42**	**31.892.410,63**	**27.118.943,54**	**235.627,40**	**9.879.115,11**	**37.233.686,05**
included in :									
payroll and related benefits	27.1	**11.789.260,33**	**98.728,85**	**- 95.307,24**	**11.792.681,94**	**9.659.585,02**	**210.891,11**	**7.224.773,43**	**17.095.249,56**
finance costs	28.2	**16.998.985,16**	**26.712,87**	**3.074.030,66**	**20.099.728,69**	**17.459.358,52**	**24.736,29**	**2.654.341,68**	**20.138.436,49**
statement of other comprehensive income		**- 4.304.446,85**	**-**	**-**	**- 4.304.446,85**	**- 22.931.355,07**	**-**	**-**	**- 22.931.355,07**

The Company 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 Company relating to defined contribution plans amounts to 467.227,96 EUR in 2011(2010: 397.853,30EUR).

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

	31/12/2010				31/12/2011			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit obligation								
As at 1 January (+)	**377.486.522,00**	**779.301,67**	**110.483.724,58**	**488.749.548,25**	382.028.569,96	767.668,06	95.924.491,05	**478.720.729,07**
Current service cost (+)	11.568.086,77	40.704,82	2.458.921,62	**14.067.713,21**	9.659.585,02	157.144,54	4.309.669,30	**14.126.398,86**
Interest cost (+)	16.998.985,16	26.712,87	3.074.030,66	**20.099.728,69**	17.459.358,52	24.736,29	2.654.341,68	**20.138.436,49**
Past service cost (+) / profit (-)	-	-	-	**-**	-	-	-	**-**
Employee contributions (+)	-	-	-	**-**	-	-	-	**-**
Benefits paid (-)	- 19.941.750,68	- 137.075,33	- 17.537.956,95	**- 37.616.782,96**	- 19.804.176,33	- 136.223,80	- 15.406.547,80	**- 35.346.947,93**
Actuarial gains (+) / losses (-)	- 4.304.446,85	64.596,80	- 2.184.624,02	**- 6.424.474,07**	- 22.931.355,07	53.746,57	2.915.104,13	**- 19.962.504,37**
Curtailment	221.173,56	- 6.572,77	- 369.604,84	**- 155.004,05**	-	-	-	**-**
Settlement	-	-	-	**-**	-	-	-	**-**
Defined benefit obligation as at 31 December (+)	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**	**366.411.982,10**	**867.071,66**	**90.397.058,36**	**457.676.112,12**

	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
Fair value of plan assets								
As at 1 January (+)	-	-	-	-	-	-	-	-
Employer contributions / benefits paid directly by employer (+)	19.941.750,68	137.075,33	17.537.956,95	37.616.782,96	19.804.176,33	136.223,80	15.406.547,80	35.346.947,93
Employee contributions (+)	-	-	-	-	-	-	-	-
Benefits paid (-)	- 19.941.750,68	- 137.075,33	- 17.537.956,95	- 37.616.782,96	- 19.804.176,33	- 136.223,80	- 15.406.547,80	- 35.346.947,93
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 (+)	377.486.522,00	779.301,67	110.483.724,58	488.749.548,25	382.028.569,96	767.668,06	95.924.491,05	478.720.729,07
Fair value of plan assets as 1 January (+)	-	-	-	-	-	-	-	-
Total	**377.486.522,00**	**779.301,67**	**110.483.724,58**	**488.749.548,25**	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**
Unrecognised past service cost	-	-	-	-	-	-	-	-
Amounts not recognized due to limit of paragraph 58(b)	-	-	-	-	-	-	-	-
Total liability in the statement of financial position								
As at 1 January	377.486.522,00	779.301,67	110.483.724,58	488.749.548,25	382.028.569,96	767.668,06	95.924.491,05	478.720.729,07
Total expense recognised in the profit or loss	28.788.245,49	125.441,72	2.978.723,42	31.892.410,63	27.118.943,54	235.627,40	9.879.115,11	37.233.686,05
Actuarial gains (-) / losses (+) in other comprehensive income	- 4.304.446,85	-	-	- 4.304.446,85	- 22.931.355,07	-	-	- 22.931.355,07
Employer contributions / benefits paid directly by employer (-)	- 19.941.750,68	- 137.075,33	- 17.537.956,95	- 37.616.782,96	- 19.804.176,33	- 136.223,80	- 15.406.547,80	- 35.346.947,93
As at 31 December	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**	**366.411.982,10**	**867.071,66**	**90.397.058,36**	**457.676.112,12**
Cumulative actuarial gains (-) / losses (+) in other comprehensive income	**- 4.304.446,85**	**-**	**-**	**- 4.304.446,85**	**- 27.235.801,92**	**-**	**-**	**- 27.235.801,92**

For 2012, the Company expects that the contributions and benefits paid directly by the entitites will equal to 16.2 EUR million for the post-employment benefits, 0.1 EUR million for the other long-term employee benefits and 14.2 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 (+)	382.028.569,96	767.668,06	95.924.491,05	478.720.729,07	366.411.982,10	867.071,66	90.397.058,36	457.676.112,12
Fair value of plan assets (-)	-	-	-	-	-	-	-	-
Funded status	**382.028.569,96**	**767.668,06**	**95.924.491,05**	**478.720.729,07**	**366.411.982,10**	**867.071,66**	**90.397.058,36**	**457.676.112,12**
Total (gain) / loss on defined benefit obligation								
(Gain) / loss due to changes in assumptions	- 1.518.222,79	8.449,61	575.901,70	- 933.871,48	52.155.541,00	7.980,02	1.262.326,90	53.425.847,92
Experience (gain) / loss	- 2.786.224,06	56.147,19	- 2.760.525,72	- 5.490.602,59	- 75.086.896,07	45.766,55	1.652.777,23	- 73.388.352,29
Total (gain) / loss on defined benefit obligation	**- 4.304.446,85**	**64.596,80**	**- 2.184.624,02**	**- 6.424.474,07**	**- 22.931.355,07**	**53.746,57**	**2.915.104,13**	**- 19.962.504,37**
Actual return on plan assets								
Expected return on plan assets (+)	-	-	-	-	-	-	-	-
Experience gain / (loss) on plan assets	-	-	-	-	-	-	-	-
Actual return on plan assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

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 19 – Provisions

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

	Legal claims	Environmental provisions	Restructuring	Other provisions	Totaal
As at 1 January 2010	68.135.685,55	77.259.700,41	135.000.000,00	8.640.522,72	289.035.908,68
Included in statement of comprehensive income :					
Increase	25.278.264,00	26.549.565,95	0,00	442.644,24	52.270.474,19
Use	-2.242.658,05	-4.032.217,28	0,00	-66.601,01	-6.341.476,34
Reversal	-52.664.568,31	-9.707.749,66	-41.990.000,00	0,00	-104.362.317,97
Changes in interest rates	389.474,23	2.371.234,45	0,00	0,00	2.760.708,68
Finance charges	1.061.327,22	2.222.964,24	0,00	0,00	3.284.291,46
As at 31 December 2010	**39.957.524,64**	**94.663.498,11**	**93.010.000,00**	**9.016.565,95**	**236.647.588,70**
Of which:					
Non current	25.320.030,19	88.896.873,54	93.010.000,00	0,00	207.226.903,73
Current	14.637.494,45	5.766.624,57	0,00	9.016.565,95	29.420.684,97

	Legal claims	Environmental provisions	Restructuring	Other provisions	Totaal
As at 1 January 2011	39.957.524,64	94.663.498,11	93.010.000,00	9.016.565,95	236.647.588,70
Included in statement of comprehensive income :					
Increase	4.118.283,25	1.804.149,03	0,00	0,00	5.922.432,28
Use	-2.793.104,39	-1.375.866,73	-27.903.000,00	-2.781.099,95	-34.853.071,07
Reversal	-6.709.983,12	-1.391.238,71	-65.107.000,00	0,00	-73.208.221,83
Changes in interest rates	478.189,53	3.480.295,73	0,00	0,00	3.958.485,26
Finance charges	546.504,38	2.425.688,03	0,00	0,00	2.972.192,41
As at 31 December 2011	**35.597.414,29**	**99.606.525,46**	**0,00**	**6.235.466,00**	**141.439.405,75**
Of which:					
Non current	19.866.378,84	88.370.187,07	0,00	0,00	108.236.565,91
Current	15.731.035,45	11.236.338,39	0,00	6.235.466,00	33.202.839,84

The restructuring provision at 31 December 2010 of 93.010.000,00 EUR relates to the expected impairment on the compulsory acquisition of shares in the capital of SNCB and subordinated loans to SNCB as part of the agreement with the European Union concerning the restructuring of SNCB Logistics SA . In 2011, the balance of this provision is reversed at the conclusion of a Shareholders' Agreement on 1 February 2011 containing an obligation to purchase shares of SNCB and to provide subordinated loans to SNCB , which are recognized as a non-current derivative liability at 31 December 2011.

The other provisions concern provisions for a subsidiary put in liquidation.

Note 20 – Financial liabilities

20.1 Financial liabilities

This note provides information on contractual terms of interest-bearing borrowings valued at amortised cost signed by the Company. For additional information on the Company'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 2.2.4.

	Notes	31/12/2010	31/12/2011
Non current financial liabilities			
Bank borrowing		2.144.406.854,09	2.379.804.600,64
Bonds		784.346.202,39	865.204.373,60
Financial lease liabilities	20.2	11.857.767,03	10.767.166,47
Other financial liabilities		1.385.488.960,31	1.327.879.502,01
Total		**4.326.099.783,82**	**4.583.655.642,72**
Current financial liabilities			
Bank overdrafts	15	21,18	0,00
Bank borrowing		207.276.558,83	333.366.209,89
Bonds		110.928.700,88	9.949.018,33
Financial lease liabilities	20.2	871.080,68	926.271,97
Other financial liabilities		1.148.364.617,15	810.685.811,89
Total		**1.467.440.978,72**	**1.154.927.312,08**
Total financial debts		**5.793.540.762,54**	**5.738.582.954,80**

The fair value of financial liabilities is included in note 2.

20.2 Financial liabilities related to finance lease contracts

Maturities of the liabilities related 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	1.672.828,36	6.925.572,82	9.525.663,30	18.124.064,48
Interest / Future finance charges on contracts	-801.747,68	-2.744.884,65	-1.848.584,44	-5.395.216,77
Total	**871.080,68**	**4.180.688,17**	**7.677.078,86**	**12.728.847,71**
Present value of future minimum lease payments - 31/12/2011				
Future minimum lease payments	1.672.828,36	6.691.313,44	7.852.834,94	16.216.976,74
Interest / Future finance charges on contracts	-746.556,39	-2.347.405,83	-1.429.576,08	-4.523.538,30
Total	**926.271,97**	**4.343.907,61**	**6.423.258,86**	**11.693.438,44**

Conditional rents recognised in net result 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 33 – Rights and obligations.

Note 21 – Deferred tax assets/liabilities

	31/12/2010	31/12/2011
Current taxes		
Current tax assets	0,00	0,00
Current tax payables	0,00	0,00
Net position of current taxes	**0,00**	**0,00**
Deferred taxes		
Deferred tax assets	124.071.843,48	158.567.256,16
Deferred tax liabilities	0,00	0,00
Net position of deferred taxes	**124.071.843,48**	**158.567.256,16**

Movements of the year can be summarised as follows:

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

The total amount of temporary differences due to investments in subsidiaries, associates and joint ventures for which no deferred tax liabilities were recorded is 2.955.399,96 EUR at 31 December 2011 (2.775.901,58 EUR at 31 December 2010).

	Statement of financial position		Through net result		Through other comprehensive income	
	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011
Deferred tax assets						
Tax losses carried forward	121.805.540,00	131.020.927,78	6.934.063,30	14.811.851,73	329.299,83	- 5.596.464,60
Liabilities for employee benefits	29.922.875,75	35.028.714,73	- 3.542.799,04	8.206.593,55	- 168.248,12	- 3.100.754,12
Impairment loss on trade and other receivables	1.782.913,35	1.782.913,13	- 1.447.997,03	-	- 68.765,62	-
Financial instruments at fair value	921.830,80	20.945.034,17	19.078.638,15	32.183.207,84	906.047,73	- 12.160.004,49
Other temporary differences	-	-	393.815,90	-	18.702,38	-
Gross deferred tax assets	**154.433.159,90**	**188.777.589,80**				
Deferred tax liabilities						
Untaxed reserves	30.361.316,42	30.210.333,64	-	242.673,95	-	- 91.691,18
Gross deferred tax liabilities	**30.361.316,42**	**30.210.333,64**	-	-	-	-
			-			
Charge / (benefit) from deferred taxes	-	-	21.415.721,28	55.444.327,08	1.017.036,20	- 20.948.914,40
Net position of deferred taxes	**124.071.843,48**	**158.567.256,16**				

Deferred tax assets relating to recoverable tax losses and to tax credits are recorded as long as recovery is probable. The Company did not recognize deferred tax assets of 983.098.050,60 EUR at 31 December 2011 (1.037.901.949,09 EUR at 31 December 2010) relating to recoverable tax losses of 2.534.586.986,22 EUR (2010: 2.785.146.606,41 EUR) and to tax credits of 357.728.549,53 EUR (2010: 357.728.549,53 EUR). Recovery of tax losses and tax credits is not limited in time.

Note 22 – Trade and other payables

	Note	31/12/2010	31/12/2011
Non-current trade payables			
Advances received from clients for contract work	11	20.000.000,00	27.742.524,57
Total		**20.000.000,00**	**27.742.524,57**
Current trade payables			
Suppliers: excluding related parties		158.805.404,16	145.663.254,63
Suppliers: related parties		86.087.029,09	88.003.692,43
Amounts due to customers for contract work	11	30.192.041,35	22.191.415,44
Total		**275.084.474,60**	**255.858.362,50**
Total trade and other payables		**295.084.474,60**	**283.600.887,07**

Note 23 - Social debts

	31/12/2010	31/12/2011
Withholding tax	43.086.756,48	43.800.398,66
Social security contributions	27.696.172,02	26.340.509,14
Wages and compensation	251.354.106,23	254.692.026,05
Holiday pay	101.467.250,51	102.592.421,92
Other social debts	128.813.120,64	107.286.038,03
Total	**552.417.405,88**	**534.711.393,80**
Of which:		
Social debts that are due	119.971,68	1.523.610,76
Social debts not yet due	552.297.434,20	533.187.783,04

Note 24 - Grants

24.1 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	1.105.357.287,29	1.224.114.100,10
New grants	202.239.562,69	145.171.238,43
Allocated to Property, plant and equipement and to intangible assets	- 80.760.231,80	- 73.878.201,07
Other movements	- 2.722.518,08	- 3.859.000,75
Balance as at 31 December	**1.224.114.100,10**	**1.291.548.136,71**
Of which :		
Non current	1.156.643.412,08	1.220.260.140,09
Current	67.470.688,02	71.287.996,62

24.2 Operating grants

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

	31/12/2010	31/12/2011
Operating grants to be received		
As at 1 January	68.932.981,96	74.141.296,34
New grants	218.311.272,26	222.000.800,32
Payments received	- 212.765.000,00	- 219.233.000,00
Other movements in net result	- 337.957,88	- 596.296,34
Balance as at 31 December	**74.141.296,34**	**76.312.800,32**

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

24.3 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	-29.476.000,41
Balance as at 31 December	**14.616.123,44**	**14.275.846,72**

Note 25 – Other amounts payable

	31/12/2010	31/12/2011
Other amounts payable - non current		
Debts to related parties	38.869.039,85	54.424.851,15
VAT, taxes and withholding tax to be paid	0,00	0,00
Funds managed for third parties	232.922.020,15	163.925.315,36
Deferred fees relating to cross-border arrangements and guarantees	115.648.876,22	106.389.931,13
Total	**387.439.936,22**	**324.740.097,64**
Other amounts payable - current		
Deferred income (excluding fees relating to cross-border arrangements)	3.641.856,76	6.495.584,89
Accrued expenses	1.696.909,32	7.497.262,33
Debts to related parties	120.868.731,24	21.037.971,19
VAT, taxes and withholding tax to be paid	35.931.956,29	27.158.789,43
Funds managed for third parties	432.508.000,00	340.714.000,00
Deferred fees relating to cross-border arrangements and guarantees	10.693.970,83	9.936.289,07
Other	6.998.530,92	6.424.220,00
Total	**612.339.955,36**	**419.264.116,91**
TOTAL OTHER AMOUNTS PAYABLE	**999.779.891,58**	**744.004.214,55**

Note 26 – Operating income and expenses

26.1 Operating income

26.1.1 Turnover

	31/12/2010	31/12/2011
Income from construction contracts	92.188.359,54	78.465.229,01
Rentals and energy supply	96.475.317,72	106.301.383,68
Detached personnel	1.861.432.626,90	1.854.632.571,12
Miscellaneous	215.952.687,49	198.721.993,81
Turnover	**2.266.048.991,65**	**2.238.121.177,62**

26.1.2 Other operating income

	31/12/2010	31/12/2011
Fees on cross-border arrangements	12.804.819,49	10.693.970,83
Gain on disposal of intangible assets, property, plant and equipment, and investment property	13.359.442,57	34.649.876,20
Previous year adjustment (floor stock in 2010)	7.413.153,76	154.217,36
Recovery in fixed assets inventory	0,00	5.951.718,53
Damages / recovery	752.595,67	3.540.255,62
REN * management - Pensions - ONAFTS / RKW	2.628.657,25	2.466.706,29
Other	3.689.078,61	3.431.380,82
Total other operating income	**40.647.747,35**	**60.888.125,65**

* Regional Express Network

26.2 Operating expenses

26.2.1 Services and other goods

	31/12/2010	31/12/2011
Rent and rental charges	14.853.276,80	19.919.692,40
Maintenance and repairs	37.884.299,22	39.530.568,03
Supplies	39.951.677,10	42.615.819,13
Insurances and indemnities paid to third parties	2.696.190,26	3.972.884,37
Costs for publications	4.284.927,53	4.446.241,04
Commissions and royalties	4.443.702,47	6.011.834,74
Analysis and expertise	4.007.837,78	4.872.943,64
Payments to third parties	135.943.483,24	105.257.872,82
Donations and gifts	598.270,15	455.863,32
Provisions for legal claims	-28.863.444,90	-7.687.714,68
Environmental provisions	15.180.833,46	2.517.339,32
Other	40.466.549,10	29.337.804,30
Total services and other goods	**271.447.602,21**	**251.251.148,43**

26.2.2 Other operating expenses

	31/12/2010	31/12/2011
Taxes and withholding taxes	1.438.633,05	739.515,62
Impairments on trade and other receivables	4.022.533,76	4.613.144,92
Impairment on contracts in progress	50.260,83	2.256.279,77
Losses on sale of intangible assets, property, plant and equipment, and investment property	3.887.647,68	14.599,73
Other operating expenses	1.664.407,50	1.866.036,51
Total other operating expenses	**11.063.482,82**	**9.489.576,55**

Note 27 – Employee benefit expenses

27.1 Employee benefit expenses

	Note	31/12/2010	31/12/2011
Wages, salaries and other short-term benefits		1.738.283.059,03	1.727.420.153,55
Social security expenses		382.631.676,47	346.650.996,55
Defined contribution plans		397.853,30	467.227,96
Post-employment benefits	18	11.789.260,33	9.659.585,02
Other long-term employee benefits	18	98.728,85	210.891,11
Termination benefits	18	-95.307,24	7.224.773,43
Other		10.757.602,60	9.950.915,08
Total employee benefit expenses		**2.143.862.873,34**	**2.101.584.542,70**

The financial expenses relating to employee benefits are recognised in financial results. Please refer to note 28.

27.2 Employees headcount

	31/12/2010	31/12/2011
A. Staff		
Average number of employees (in FTE)		
Blue-collar workers	20.788,4	20.135,0
White-collar workers	15.589,7	15.254,3
Management	778,9	745,6
Others	0,0	0,0
B. Interim personnel		
Average number of employees (in FTE)	23,0	21,5
Costs for the company	917.037,17	828.093,22
C. Employees temporarily transferred		
Average number of employees (in FTE)	0,0	0,0
Costs for the company	0,0	0,0

Note 28 – Financial income and expenses

28.1 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		0,00	0,00
loans and receivables on which no impairment has been recorded		48.985.318,41	57.316.371,42
loans and receivables on which an impairment has been recorded		428.643,10	791.141,16
financial assets at fair value through profit and loss		49.228.660,94	39.827.872,71
available-for-sale financial assets	13.1	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		0,00	0,00
Reversal of impairment on financial assets held for sale		0,00	0,00
Reversal of impairment on held-to-maturity investments		0,00	0,00
Reversal of impairment on loans and receivables		2.936.330,31	0,00
Gains from foreign exchange differences		39.658.036,89	9.153.026,47
Gain on disposal of loans and receivables		0,00	0,00
Dividends received		16.898.883,81	6.853.071,54
Other financial income		23.746.797,74	16.332.235,94
Total financial income		**330.400.025,41**	**342.638.879,83**

28.2 Financial expenses

	Notes	31/12/2010	31/12/2011
Interest expenses on:			
financial debts at amortised cost		78.787.512,36	101.169.510,46
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	18.1.2	20.099.728,69	20.138.436,49
provisions	19	3.284.291,46	2.972.192,41
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	282.301.396,47
Changes in fair value of available-for-sale financial assets recycled into net result		0,00	0,00
Impairment on financial assets held for sale	13.1	7.817,62	7.085.999,43
Impairment on held-to-maturity investments			0,00
Impairment on loans and receivables		12.348.937,30	0,00
Loss on disposal of loans and receivables			0,00
Losses from foreign exchange differences		39.002.612,89	8.327.848,40
Other financial expenses		-72.499.163,38	-110.497.613,38
Total financial expenses		**418.279.177,70**	**492.947.471,21**

Note 29 – 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, the tax expense (income) on total comprehensive income at the effective tax rate for each of the two reporting periods ending 31 December:

31/12/2010	Comprehensive income	Net result	Other elements from the comprehensive income
Result before tax	**-249.078.030,66**	**-253.382.477,51**	**4.304.446,85**
Income taxes calculated based on tax rate of 33,99%	84.661.622,62	86.124.704,11	-1.463.081,49
Effect of disallowed expenses	-123.002.239,90	-123.002.239,90	0,00
Definitively taxed income	5.456.734,08	5.456.734,08	0,00
Tax-free results	-472.967,34	-423.745,90	-49.221,44
Recognition of deferred tax assets previously not recognized	55.789.608,02	53.260.268,89	2.529.339,13
Tax (expense)/income on total comprehensive income	**22.432.757,48**	**21.415.721,28**	**1.017.036,20**

31/12/2011	Comprehensive income	Net result	Other elements from the comprehensive income
Result before tax	**-75.082.943,23**	**-99.586.594,17**	**24.503.650,94**
Income taxes calculated based on tax rate of 33,99%	25.520.692,40	33.849.483,36	-8.328.790,95
Effect of disallowed expenses	-68.201.253,86	-68.201.253,86	0,00
Definitively taxed income	2.209.815,78	2.209.815,78	0,00
Tax-free results	20.162.259,86	-499.786,39	20.662.046,25
Recognition of deferred tax assets previously not recognized	54.803.898,50	88.086.068,19	-33.282.169,70
Tax (expense)/income on total comprehensive income	**34.495.412,68**	**55.444.327,08**	**-20.948.914,40**

Note 30 – 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 Company to third parties responsible for disability for staff members.

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

Note 31 – Additional information on financial instruments

31.1 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	653.168.513,77	653.168.513,77	615.109.589,59	620.752.903,03
	Loans and receivables at fair value through profit and loss	69.843,39	69.843,39	65.784,64	65.784,64
Derivatives	Financial assets at fair value through profit and loss	311.545.711,82	311.545.711,82	305.304.833,36	305.304.833,36
Other financial assets	Available-for-sale assets at fair value through other comprehensive income	90.430.514,70	90.430.514,70	143.084.468,09	143.084.468,09
	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	1.028.253.291,79	1.098.930.245,41	1.188.165.169,75	1.210.356.668,38
Total		**2.826.704.333,72**	**2.897.381.287,34**	**3.033.375.307,10**	**3.061.210.119,17**
Current assets					
Trade and other receivables	Loans and receivables at amortised cost	978.603.140,27	978.603.140,27	972.215.298,15	972.215.298,15
	Loans and receivables at fair value through profit and loss	744.023,63	744.023,63	1.137.586,29	1.137.586,29
Derivatives	Financial assets at fair value through profit and loss	82.290,58	82.290,58	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	141.714.001,41	109.350.859,56	116.500.335,58	105.920.487,97
	Investments held to maturity at amortised cost	397.166.324,27	397.338.061,53	226.117.276,33	226.117.276,33
Total		**1.647.145.583,52**	**1.614.954.178,93**	**1.385.087.090,64**	**1.374.507.243,03**

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

31.2 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	3.351.823.057,23	3.468.441.742,31	3.622.348.386,57	3.662.616.436,91
	Financial liabilities at fair value through profit and loss	974.276.726,59	974.276.726,59	961.307.256,15	961.307.256,15
Derivatives	Financial liabilities at fair value through profit and loss	269.290.442,86	269.290.442,86	444.941.518,14	444.941.518,14
Trade and other payables	Financial liabilities at amortised cost	0,00	0,00	0,00	0,00
Other liabilities	Financial liabilities at amortised cost	238.864.642,23	238.864.642,23	169.338.624,23	169.338.624,23
	Financial liabilities at fair value through profit and loss	32.926.417,77	32.926.417,77	37.791.004,13	37.791.004,13
Total		**4.867.181.286,68**	**4.983.799.971,76**	**5.235.726.789,22**	**5.275.994.839,56**
Current financial liabilities					
Financial liabilities	Financial liabilities at amortised cost	1.230.796.293,02	1.198.322.067,85	1.006.363.120,83	995.736.827,98
	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	47.657.468,41	47.657.468,41
Trade and other payables	Financial liabilities at amortised cost	244.892.433,25	244.892.433,25	233.666.947,06	233.666.947,06
Other liabilities	Financial liabilities at amortised cost	598.302.759,13	598.302.759,13	403.183.550,81	403.183.550,81
Total		**2.346.297.100,34**	**2.313.822.875,17**	**1.839.435.278,36**	**1.828.808.985,51**

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

Note 32 – Cross-border arrangements

The Company entered into several cross-border leasing transactions (assets sold or leased to a Trust, and then immediately leased back to the Company) 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 upfront approval of the Trust).

The company 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.
This property, plant and equipment relating to cross-border arrangements are primarily the subject of finance lease contracts with companies of the SNCB group as explained in note 10.3.

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 Company’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 Company used financial derivatives in order to hedge interest rate and foreign exchange risks. In those cases the Company applied the fair value option as stipulated by IAS 39 to account for the financial assets and liabilities. The use of financial derivatives is explained in note 12. As per end 2011 (2010) the fair value of the financial 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), 10.693.970,83 EUR (12.804.819,49 EUR) was recognised in the operating result.

At the end of the initial basic term, the Company 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 SNCB Holding 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 33 – Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 151.359.658,77 EUR (108.467.559,86 EUR) as at 31 December 2011 (2010).

The amount of contractual commitments for the acquisition of services is 373.212.002,08 EUR (370.677.559,79 EUR) as at 31 December 2011 (2010).

The personal guarantees by the Company for third parties amount to 409.819.691,42 EUR (449.071.555,42 EUR) as at 31 December 2011 (2010) and mainly concern the guarantees provided for the REN equipment and for depollution.

Credit lines granted by third parties to the Company amount to 1.477.169.763,51 EUR (1.487.268.572,81 EUR) as at 31 December 2011 (2010).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 77.268.825,30 EUR as at 31 December 2011, of which 13.123.757,97 EUR in less than a year, 45.791.125,06 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 Company amount to 3.623.984.127,70 EUR (3.709.491.266,62 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 Company 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 Company on own assets amount to 1.064.625.735,80 EUR (1.085.329.467,96 EUR) as at 31 December 2011 (2010) and relate to investments pledged under the cross-border arrangements.

Investment accounts related to cross-border arrangements that are not recognised in the statement of financial position are shown in note 32.

Note 34 – Information on related parties

34.1 Consolidated companies

The list of subsidiaries, joint-venures and associates is included in note 8 and 9.

34.2 Relations with the State

34.2.1 Holding interests

The State holds directly and indirectly 99.87% of the voting rights of SNCB Holding.

The Company aims to support and coordinate the activities of the railway SNCB Group and become a major player in the mobility policy in Belgium

The Company itself owns several holdings, the most important are those in:
• Infrabel, which is the infrastructure manager of the Belgian railway network, and of which the Company holds 93.63% of the share capital, while having reduced voting power of 20%- one of the voting rights;
• SNCB, which is the major railway carrier in Belgium, of which the Company holds 100% of the share capital and voting rights.

Taking into account that the share capital of Infrabel is held solely by SNCB Holding and the Belgian State, whereby the latter has the legal authority to control this company, SNCB Holding and Infrabel are considered as a consortium and consolidate their accounts on this basis.

34.2.2 Management Contract

The Belgian State signed a Management Contract with SNCB Holding for the period 2008-2012. In this management contract, it is stated that the Company is an essential part of the transportation system in Belgium. It has been entrusted, under a coherent group policy, the mission to ensure that its activities are consistent with the sustainable mobility policy pursued by the Belgian Government and that it contributes to meeting mobility needs.

More specifically, the mission entrusted to the Company 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 public autonomous Company as follows:

1. owning and managing holding interests in the equity of SNCB and Infrabel,;

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.

The Management Contract is not limited to merely defining public service missions. It also stipulates certain tasks to be performed in order to fulfil these missions.

In order to allow the Company to perform the public service missions entrusted to it under the Management Contract, the Company receives 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 24.

34.2.3 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.

34.3 Relations between the companies of the SNCB Group

In the ordinary course of performance of the Management Contract, the Company engages in mutual relations with other companies of the SNCB Group. 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.

34.4 Figures relating to relations with public authorities and companies of SNCB Group

Grants granted by public authorities are detailed in note 24.

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

34.4.1 Sale of goods and services

These transactions were concluded at normal market conditions.

	31/12/2010	31/12/2011
Sales of goods		
Infrabel	0,00	0,00
SNCB	0,00	0,00
Group B-Logistics	0,00	0,00
Other subsidiaries	8.927.625,00	16.223.771,69
Joint ventures	0,00	0,00
Associates	0,00	0,00
Delivery of services		
Infrabel	900.062.400,30	893.071.149,78
SNCB	1.263.240.125,89	1.206.551.840,91
Group B-Logistics	9.442.350,45	21.151.563,55
Other subsidiaries	38.095.359,48	51.400.608,62
Joint ventures	4.899.679,60	5.658.251,47
Associates	1.285.193,51	2.940.748,58
Total	**2.273.490.444,16**	**2.196.997.934,60**

34.4.2 Purchase of goods and services

	31/12/2010	31/12/2011
Purchases of goods		
Infrabel	0,00	0,00
SNCB	0,00	0,00
Group B-Logistics	0,00	0,00
Other subsidiaries	0,00	0,00
Joint ventures	0,00	0,00
Associates	0,00	0,00
	0,00	0,00
Purchases of services		
Infrabel	44.579.194,10	35.185.218,40
SNCB	1.583.989,23	4.041.806,73
Group B-Logistics	1.411.969,50	0,00
Other subsidiaries	120.472.845,59	81.395.110,46
Joint ventures	62.166,83	44.847,30
Associates	354.868,65	297.499,23
Total	**168.465.033,90**	**120.964.482,12**

These transactions were concluded at normal market conditions.

34.4.3 Receivables on and payables to related parties (except key management) following sale/purchase of goods/services

	31/12/2010	31/12/2011
Receivables on related parties		
Infrabel	423.207.354,24	151.707.333,38
SNCB	1.532.316.759,03	1.333.209.721,03
Group B-Logistics	0,00	97.799.518,07
Other subsidiaries	95.137.804,82	156.918.138,67
Joint ventures	844.582,43	1.551.136,17
Associates	56.178.883,20	57.822.922,35
Payable to related parties		
Infrabel	576.156.646,17	444.672.692,44
SNCB	137.266.139,60	74.037.243,55
Group B-Logistics	58,97	1.568.730,72
Other subsidiaries	172.976.891,29	219.556.232,23
Joint ventures	9.820.571,54	12.580.478,28
Associates	1.142.312,75	1.208.905,81
Total	**3.005.048.004,04**	**2.552.633.052,70**

These transactions were concluded at normal market conditions.

	31/12/2010	31/12/2011
Impairment on cash and cash equivalents		
Infrabel	0,00	0,00
SNCB	0,00	0,00
Group B-Logistics	0,00	0,00
Other subsidiaries	0,00	0,00
Joint ventures	0,00	0,00
Associates	54.869.119,43	56.511.779,34
Total	**54.869.119,43**	**56.511.779,34**

Furthermore, the Royal Decree of 30 December 2004 establishing the list of liabilities and assets transferred by the SNCB unitary Railway Infrastructure Fund provided for the transfer of assets to an amount exceeding the debt assumed by the State. A claim against the State is included in the accounts:

	31/12/2010	31/12/2011
Receivables on the State		
Back to Back Operation	713.372.784,79	639.011.441,39
Financing HST	67.522.371,96	66.211.578,57
Financing REN* material	66.132.423,35	93.496.975,80
Operating grants	74.141.296,34	76.312.800,32
Investment grants	0,00	5.279.113,52
Total	**921.168.876,44**	**880.311.909,60**

* Regional Express Network

34.4.4 Guarantees given and received and commitments undertaken

	31/12/2010	31/12/2011
Guarantees granted and commitments	369.410.824,25	389.536.473,55
Guarantees received	426.580.199,96	387.324.585,96

34.4.5 Defined benefit plans

SNCB Holding is the sole employer of all personnel employed within the SNCB Group. As far as Infrabel, SNCB and B-Logistics are concerned, they have the personnel necessary to accomplish their mission at their disposal, temporarily transferred by SNCB Holding. There is no contractual agreement or stated policy for charging to individual group entities the net defined benefit cost measured under IAS 19. Also, the net defined benefit cost is recognized in the separate financial statements of SNCB Holding, which is "legally the sponsoring employer for the regime." The other group entities should account, in their separate financial statements, a cost equal to their contribution payable for the period. The contributions are as follows:

	31/12/2010	31/12/2011
Amounts invoiced for employees temporarily transferred	**1.861.432.626,90**	**1.854.632.571,12**

34.5 Relations with key management

The Directors and the members of the management commitees are considered as key directors of the Company.

The total amount of compensation provided to directors and members of the management committee amounted to 2.181.676,44 EUR in 2011 and 2.120.305,73 EUR in 2010. They did not receive any loans or advances from the Company. For the list of directors and members of the management committee, please refer to note 1.

The above total amounts of compensation provided to the key management 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 Company, 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	2.061.655,07	2.113.366,76
Termination benefits	0,00	0,00
Post-employment benefits	58.650,66	68.309,68
Other long-term employee benefits	0,00	0,00
Total	**2.120.305,73**	**2.181.676,44**

No loans were granted to key management.

Note 35 – Auditors fees

The Company recorded in 2011 (2010) an amount of 193.280,00 EUR (365.000,00 EUR) for auditor fees as part of the statutory audit assignment of the Company and an amount of 0.00 EUR (570,000, 00 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	365.000,00	0,00	193.280,00	0,00
Assignments related to tax consultancy	0,00	0,00	0,00	0,00
Other assignments	570.000,00	116.000,00	0,00	0,00
Total	**935.000,00**	**116.000,00**	**193.280,00**	**0,00**

Note 36 – Events after the reporting date

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

3

ANNUAL ACCOUNTS OF SNCB-HOLDING **2011**

MANAGEMENT REPORT

SNCB-Holding

Annual report 2011

contents

1

Message
from the Chairman and the CEO

Jannie Haek,
CEO of SNCB-Holding

2011 was a positive year for SNCB-Holding as regards the achievement of one of its basic missions: to encourage "modal shift", the modal transfer from road transport to rail transport. SNCB-Holding has been helped in this mission by harsh economic, societal and environmental realities: too many traffic jams; never before have people wanted so much to travel; never have oil products reached such record levels; never has environmental pressure had so much impact: road transport alone will soon be producing the entire Belgian quota of greenhouse gas emissions.

"Modal-shift" is not merely the expression of a conviction or a desire. "Modal-shift" is underway. The numbers tell the story: with 3,578 km of track, the SNCB Group network is expanding. No longer is it closing lines: it is opening new ones. Passenger numbers have been experiencing virtually linear growth for ten years (+50% since 2000). Rail is regaining market share (7.2% of all journeys) and, at peak hours, this rises to 45% for "home-work" travel for journeys within a 30 km radius of Brussels. Even before the RER is fully open!

In this context, based on the analysis of the missions and obligations enshrined in the management contracts, based on the figures presented in this annual report, the Government can count on a good report from SNCB-Holding to continue forging ahead:

- 2011 Cash Recurring EBITDA was 0.5% over budget and 6.7% up on 2010, mainly due to a reduction in external costs (-10%) and a reduction in consultancy fees (-€35.7m);
- indebtedness was down (-€170m), despite a difficult economic situation, compared with 2010;
- the Group headcount reduced by 2.8%, while personnel productivity increased thanks to modern and efficient HR management;
- thanks to the workforce, surveillance cameras and cooperation with law enforcement services, security in stations has been strengthened;
- the 37 Belgian SNCB-Holding stations are undergoing an exceptional construction/restoration programme, to meet the demands of the twenty-first century public;
- the historical heritage sees the arrival of "Train World", the train museum, in Schaerbeek;
- parking spaces for cars and bikes, in close proximity to stations, combined with professional management, are making for improved synergy between train and car;
- the development of Blue-Bike and Cambio, shared bikes and cars, offer new possibilities for completing the "last miles";
- network mobility, with the station at its heart, together with "Scotty.be", has the first personalised journey comparison tool, with the information a traveller needs.

At SNCB-Holding, we are proud of these results. A strong rail sector is more important than ever for the country's sustainable economic and social development. Network mobility, in support of which SNCB-Holding has taken numerous initiatives during the past year, will be a contributory factor to this success. In 2012, SNCB-Holding will pursue this effort relentlessly, in the service of our customers, the general public and the State, to enable us to move together in total freedom.

Jean-Claude Fontinoy,
Chairman of the Board of Directors
of SNCB-Holding

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NOTEWORTHY EVENTS IN 2011

Jan — Start-up of the second phase of work at Ghent-St-Pierre

The second phase of the modernisation of Ghent-St-Pierre station started on 28 January 2011 with the removal of platforms 11 and 12. By 2020, the station will be entirely modernised, the platforms will be enlarged, and passengers will be able to shelter under a canopy embracing all the tracks.

Feb — More intermodality in Wallonia

On 22 February, a second and third Bike point were opened at Liège-Guillemins and Ottignies stations. From that date, anyone can leave their bike there, have it repaired by the next day, get information regarding mobility or rent a bike.

Ma — Plug and Ride: the pilot project gets under way

From 3 March until the end of May 2011, implementation of the pilot "Plug and Ride" project. Six "test drivers" drove an electric car for 3 months.

Ma — Next Station congress

SNCB-Holding and the UIC (International Union of Railways) jointly organised the third international Next Station congress on 17 and 18 March. Next Station is a meeting place for station managers, service providers, project developers, design offices, specialist journalists, etc. from all over the world.

Ma — ICTRA-SAP: the experts

The ICTRA and Syntigo SAP team received the "Advanced Center for Expertise of SAP" certificate. This top SAP award was presented by the Managing Director of SAM Belux. It is the highest distinction awarded by the software publisher. The certificate is held by fewer than 15 companies in the world, and SNCB-Holding was the first in Belgium!

May — Namur station equipped for the visually impaired

A pilot sound guidance project, developed by the Namur University psychology department, was tested at the station. The complete project involves 15 sound beacons which can be activated by the visually impaired person using a remote control or mobile phone, at a multisensory level in relief and in Braille, as well as a voice readout of the station display.

May — Automatic External Defibrillators

On 18 May, the Stations department entered into a framework agreement with the firm Eurodist to equip the major stations and management buildings with Automatic External Defibrillators (AEDs).

May — Blue-bike bikesharing at stations

From 24 May 2011, over 1,000 Blue-bikes were available at Belgium's 35 major stations. These shared bikes constitute an extra alternative in passenger mobility: a new link in the network mobility chain! Blue-bike is a way of making a trip without losing time (www.blue-bike.be).

Jun Celebration at the new Charleroi-Sud station

The works at Charleroi-Sud station and Place de la Gare culminated in an official inauguration. The programme featured concerts and exhibitions.

Aug Recognition for CPS

CPS, the Corporate Prevention Service, was recognised on 2 August by "SPF Mobilité et Transport" (Federal Public Service of Mobility & Transport) as a professional centre of medical and psychological examinations. The Service de Sécurité et d'Interopérabilité des Chemins de Fer (Railway Interoperability and Security Service, SSIC), the rail transport safety body within SPF Mobilité et Transport, recognised CPS as a psycho-medical centre for certification of train personnel.

Sep Securail campaign – free emergency number

From 6 to 13 September, Darlien, Raf and Diadie posters were seen again on station walls. The "Avez-vous déjà le numéro de Darlien ?" (Do you have Darlien's number?) campaign refers customers and staff to the free Securail emergency number. This emergency number is available 24/7 and provides assistance to people in distress on the railways.

Oct Interactive terminals for our customers

Eight interactive terminals were tested from 4 October at Brussels-Central and Brussels-Midi. They were designed to answer any questions a passenger might ask in a station. The terminals offer the users a certain number of tools for organising their journey in the best way: the Infrabel RailTime Routeplanner with an interactive network card, disruption announcements and timetables. SNCB-Holding also offers an interactive map of the station showing the services available. Job vacancies within the SNCB Group can also be viewed.

Oct Refer a Friend: SNCB Group increasingly up-to-date

Refer a Friend gives Group employees a chance to refer friends or family members who have a suitable professional profile and are looking for a job in any of the staff shortage areas. If the recruitment is successful, the employee receives a bonus.

Nov Antwerp-Central wins the Europa Nostra Prize

On 22 November, Antwerp-Central won the prestigious European Union "Europa Nostra" cultural heritage prize for the superb renovation of the station which perfectly allies the old and the new. The European Commissioner for Culture awarded the prize to Jannie Haek, CEO of SNCB-Holding.

Dec Anti-pickpocketing week

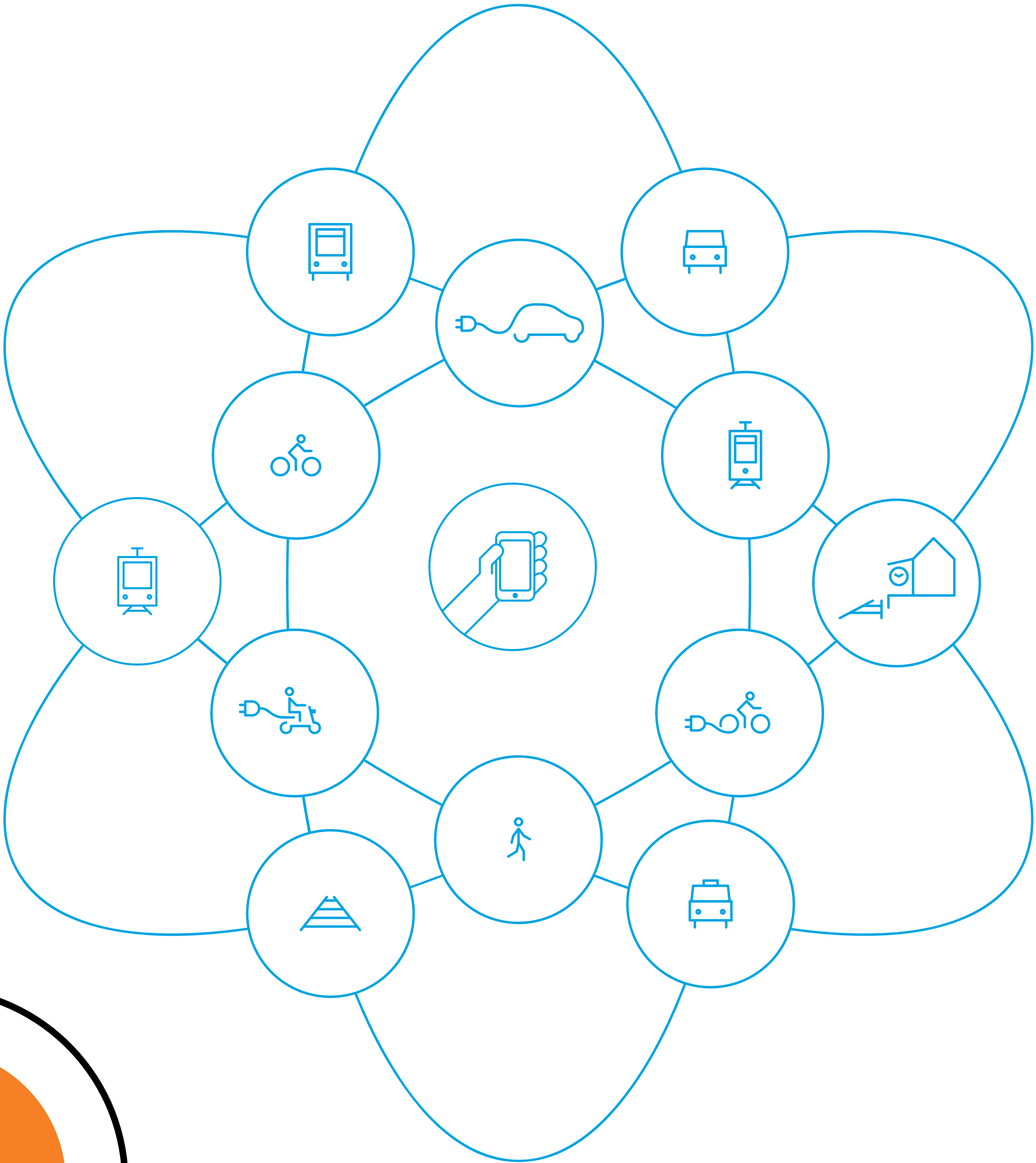
From 12 to 18 December Corporate Security Service, in collaboration with "SPF Intérieur" (Ministry of the Interior), organised "Anti-pickpocketing week". During the week, many initiatives were undertaken in sensitive areas like Christmas markets, shopping streets and stations, with the aim of raising public awareness of pickpocketing. For this action, a bag was distributed with the slogan "Touche pas à mon sac" (Hands off my bag).

Dec "Homeless People in European Train Stations"

For 24 months, the SNCB-Holding Corporate Security Service (CSS) participated in a European social experiment concerning homeless people and tramps at Brussels-Central station. The project, called "Homeless People in European Train Stations", ended on 16 December with a very positive outcome.

Oct Jobday "Devenez en 1 jour notre nouveau collègue" (Become our new colleague in 1 day) in Brussels

The SNCB Group employs all means possible to recruit people in areas of staff shortage. This applies particularly to electromechanical engineers and industrial and civil engineers. The campaign is essentially targeted at inhabitants of Brussels and "new Belgians". "Become our new colleague in 1 day in Brussels." During the morning of 6 October, candidates visited an SNCB and Infrabel workshop. In the afternoon, those who wished to could take technical and medical tests.



3.NETWORK MOBILITY

CONCEPT AND SPECIFIC ACHIEVEMENTS

In a moving world, where change is perpetual and technology is constantly evolving, immobility is no longer a given. Moving right now becomes a real challenge. Mobility demands have never been greater and will increase in the years to come.

SNCB-Holding and its employees have a duty to drive this mobility, a new mobility organised in a network in which all modes of transport, both public and private, complement each other effectively and interconnect (Blue-bikes, Cambio cars, rail, tram and bus transport within easy reach of cars and taxis).

In this way, the traditional dichotomy between train and car and between car and public transport goes up in smoke. Our customers can now choose "à la carte" from different modes of transport, which all arrive at and leave from the station. The station is becoming a veritable intermodality platform, playing an essential role.

3.1 THE STATION, AT THE HEART OF NETWORK MOBILITY

In the past few years, most stations, both large and small, have been subject to large-scale renovation and enhancement. Passenger facilities are improved in these stations, with additional modernised and well-finished parking and shopping areas.

The role of the station is evolving. It is no longer simply a place to catch a train. It also has a pleasant environment, with a wide range of shops and services. The station is now part of the town's community.

Stations have also become veritable dynamic platforms acting as hubs for different modes of transport such as trains, buses, bikes, electric cars, cars and taxis. Stations are truly at the heart of network mobility.

Considerable investment in stations and parking areas continues

The importance which the SNCB Group has for many years attached to stations and facilities is reflected in the amount it invests.

Between 2005 and 2011, the Group invested around 200 million a year in stations and parking areas. This is a 76% increase on the period 2000 to 2004.

Master plans for stations and surroundings across the country

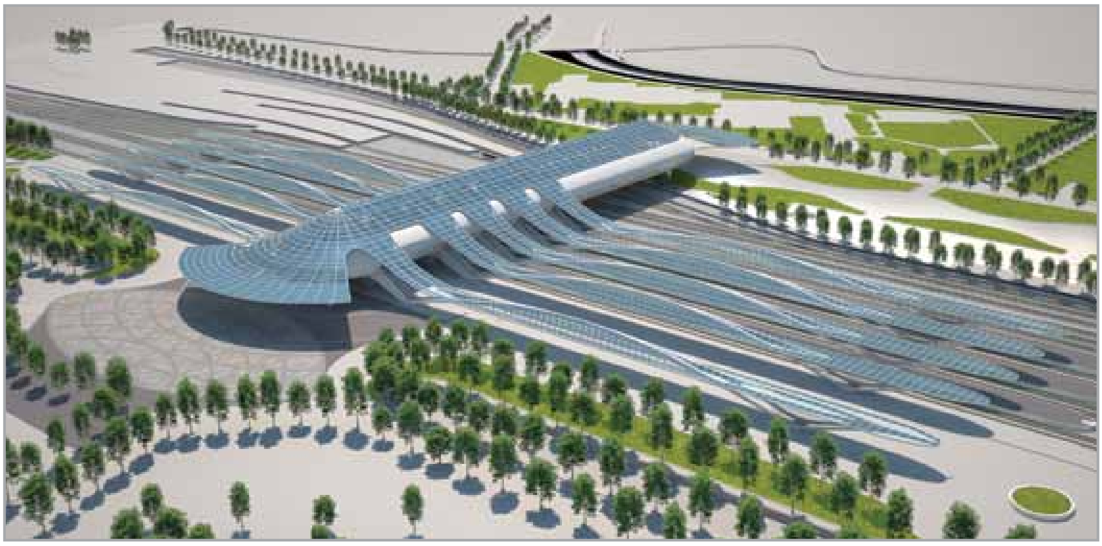
In order to make stations into true mobility and service centres, SNCB-Holding has been developing major plans for a number of years. These are always designed in collaboration with the cities and the public transport operators, De Lijn or TEC.

The Eurostation and Eurogare subsidiaries – one in Brussels and Flanders, the other in Wallonia – have accrued vast experience over the years in the development of stations and surroundings.

Initially born as technical design offices, over time they have acquired wider skills more focused on the development, follow-up and realisation of architectural projects.

At SNCB-Holding's request, Eurostation has completed major projects, notably at Ghent-Saint-Pierre, Brussels-Nord, Ostend and Hasselt, as well as the Diabolo project and many others. In addition, stations and their surroundings in many small towns have been renewed or transformed.

2011 saw the completion of the Kamgebouw works in Bruges.



eurogare © Santago Calatrava

The building has meanwhile been sold to an institutional property investor, generating a substantial gain.

Founded in 1993, Eurogare's mission was the design and supervision of the construction of the new Liège-Guillemins station, inaugurated in September 2009.

Since then, the know-how acquired by the company has been applied to the design of other projects in the south of the country, in particular in Namur, Mons, Charleroi and Liège.

The result of this know-how can be seen in two of the most remarkable accomplishments, namely Liège-Guillemins and Antwerp-Central stations which, according to a number of specialist magazines and websites, feature among the 10 most beautiful stations in the world.

The stations have not only been modernised, but are also well run. Not only can we present a positive financial testimony to this management, we are also making great progress in terms of quality. This is something customers appreciate. It has recently been found that our customers highly value the concept and service in the 37 major stations. According to Test-Achats, in 2010 we achieved an average satisfaction rating of 89%, well in excess of the management contract targets. Antwerp-Central, Liège-Guillemins, Bruges and Namur lead the top 10. At smaller stations, it is mainly the parking infrastructure which is regarded as an asset. A satisfaction survey on railway services, carried out on behalf of the European Commission, showed that this year Belgian customers are again satisfied with the services provided at stations and that we achieve very good results in European comparisons.

In June 2011 the renovation of Charleroi-Sud station was completed. 240 solar panels supply 15% of the electricity demand. At Antwerp-Central station, environmental concerns are reflected in the installation of water/air exchangers and a heat pump, making it possible to heat or cool the building.

Stations accessible to more passengers

The three SNCB Group companies are committed to a multiannual plan to streamline access to stations and trains.

For Infrabel, this involves raising platforms to make it easier to get on and off trains, and installing lifts and platform access ramps.

SNCB's role is to provide assistance to people in wheelchairs in more and more stations. This is currently the case for 114 stations out of a total of 213 stations making up the Belgian network. Mobile loading platforms are also available in many stations. In 2011, basic sign language training was organised for ticket office staff, and instructions were provided in order to improve communication between staff and the hard of hearing.

Jean-Claude Thirionet from the Stations department lists the SNCB-Holding goals: "We are optimising stations to provide at least one access without steps, with automatic doors and lifts; to make the access from the station concourse to the platforms clear; to have tactile paving installed to help blind people and toilet and parking facilities to be adapted for people with reduced mobility. By the end of 2011, 25 stations (representing 40% of passengers) had been equipped in this way. This means we are reaching a much wider public than the previous year, when only 15 had been adapted, for 29% of passengers. By the end of 2012, we expect to reach 60% of passengers. Come 2028, all the station buildings will have been adapted".

Safety in stations and trains

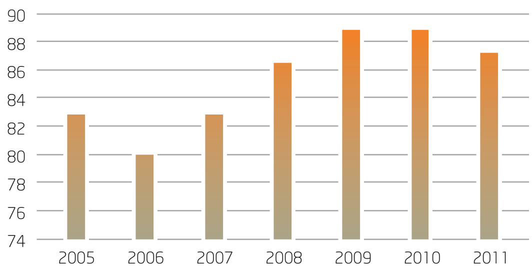
SNCB-Holding guarantees public safety on the railways. To this end, we have invested in increasing Securail staff numbers. Restructuring the service has allowed greater visibility of security agents in stations and trains. In addition, with the aid of 3,000 cameras, we have developed one of the most efficient video-surveillance networks in the country, and are working in close collaboration with our security partners, such as the railway police and local police services.

Excellent result for cleanliness

In a station, safety cannot exist without cleanliness; it is a permanent focus and an ongoing priority. Cleaning quality is measured twice a month at each of the SNCB-Holding stations and compared to the European standard established at 85%.

For several years, the quality rating of SNCB-Holding stations has been above the European standard.

Weighted average quality score in SNCB-Holding stations



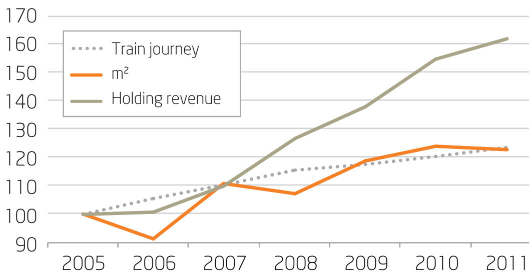
Resounding succes for shops and food outlets in stations

"Our revenue from shops, vending machines and advertising has grown by around ten percent on average over the last five years. Our target is to maintain the same growth rate over the next few years," explains Stefaan Van Echelpoel, head of SNCB-Holding Concessions office. "In 2011 we had a turnover of over 20 million euros for the first time. The rapid sales growth comes mainly from "convenience" segments such as cafés, sandwich bars and hot snacks. They offer fast service to passengers and station visitors as well as good value for money. Despite a strong increase in this business, we have also taken care to renew certain concepts, for example replacing certain buffets and cafés at Ghent-Saint-Pierre with sandwich bars. It's noticeable that the number of square metres has remained relatively stable, while revenues have shown a marked increase, greater than the increase in passenger numbers".

The new concepts are mainly to be found in cafés and hot snacks, while sandwich bars have shown a remarkable sales increase thanks to the success of self-service. They often replace former buffets.

The number of ticket dispensers continues to grow at both large and small stations, and a new contract for bread dispensers has been signed in Flanders, where over ten stations now have such machines.

Changes in SNCB-Holding revenue & m²
(2005 index = 100)



Publifer and the growing advertising potential of stations

To handle railway advertising, SNCB-Holding and ClearChannel Belgium founded the joint venture Publifer. It has exclusive rights to make use of the advertising potential. Although the fragile economic context is affecting the advertising market, Publifer's results have remained stable.

This is mainly due to the possibility of creating sales proposals specific to stations, which offsets the increased competition in traditional products.

Digital screens were installed in stations in October 2011. Carried out in close collaboration with Syntigo, the project is regarded by ClearChannel International as a benchmark. It is also a first in Belgium. Thanks to this new medium, Publifer can certainly count on an increase in turnover in 2012.

Publifer's financial contribution to SNCB-Holding has been on the increase for a number of years. This is not only the result of professional advertising management, but also a clear indication of the growing commercial attractiveness of stations.

3.2 SHARED VEHICLES, A RESPONSIBLE AND SUSTAINABLE WAY TO TRAVEL

Nowadays, in a world where nothing stands still, but with an awareness that CO_2 emissions affect the environmental balance, passengers are looking for transport that provides "cleaner", more responsible and consequently more sustainable mobility.

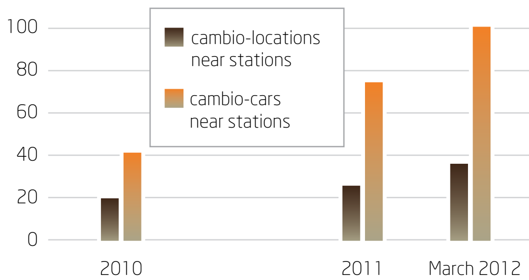
SNCB-Holding is the driving force behind this new mobility, which it demonstrates by offering its passengers practical and sustainable solutions such as shared cars and bikes, secure parking areas, and a practical and innovative website. SNCB-Holding thus acts as a real catalyst for trains. It is making the train more and more accessible and a valuable transport solution for an ever-growing section of the population.

Successful car sharing at stations

On the basis that car sharing does not compete with public transport because car sharers generally use public transport as well, in 2010 SNCB-Holding invested in the capital of Cambio, which offers car sharing.

In March 2012, there were already 36 docking points in or near 24 stations. Pieter Deschamps from SNCB-Holding Corporate Affairs participated in the creation of the joint venture: "Since the end of 2009, SNCB-Holding has offered parking spaces for Cambio cars. We started with fifteen spaces at four stations. By March 2012, this had already increased to 100 cars and 36 docking points in or near stations. The customer pays Cambio a monthly fixed fee and, by making a reservation, can pick up a car from our stations 7 days a week."

Changes in shared car numbers near stations



Launch of Blue-bike shared bikes

In May 2011, there were 1,000 "Blue-Bike" shared bikes available at bike points in 35 large stations, spread throughout Belgium. Blue-Bike is the result of a collaboration between SNCB-Holding and FIETSenWERK. Bikes are hired at a favourable rate, making them ideal for the last leg of a journey or practical for arriving on time for a meeting in the city centre. The formula is still being perfected, and opening hours and return options need to be extended.

But the formula has a future: the proof is the electric network manager Elia which is the first company to have chosen Blue-Bike to provide and manage the company's bikes.

"The distance between Schaerbeek station and our offices is quite simply too far to walk. Now, our staff can save time and carry on using public transport," explains Elia's Valérie Legat. "As well as our five bikes at Schaerbeek, we also have five season tickets that allow our employees to rent Blue-Bikes at stations. They're mobile wherever they go."

Bike points look after two-wheelers

The number of bike points at stations is increasing. By the end of 2011, there were 42 in service. Although this proliferation started in Flanders, there are now also 4 in Brussels and as many in Wallonia.

Following Namur in 2010, Liège, Ottignies and Mons stations each opened a bike point in 2011. The Mons bike point is in the new "Maison des Cyclistes" (Cyclists' House) right opposite the station. Emmanuel Scrutenaire, coordinator of "Pro-vélo" asbl (non-profit organisation) for Hainaut: "Bikes can be left here in safety because we're permanently manned and we carry out minor repairs during the day. And we also have Blue-bikes available. It's mainly students or commuters that use them when they're going not far out of town."

The bike point concept has existed for around five years. It is the result of a collaboration between SNCB-Holding and companies in the social economy sector, grouped under the name of FIETSenWERK. Bike points provide social control and mean that abandoned bikes are collected. Certain operators repair bikes or combine this service with another, such as ironing for example.

Overall, bike points have a positive image, but despite this a project aimed at optimising their quality is currently under way. The extension of the bike point concept to some twenty more stations is also being studied.

Bike racks are full to bursting

At the end of 2005, there were 53,500 bike racks available. By the end of 2011, there were 77,000.

Of these, 40% were managed by bike point operators. The rest were in the usual places, located in all the stations and halts around the country. SNCB-Holding also continues to invest in these customary facilities, to extend and modernise them and to provide surveillance.

"Some of these sites are enclosed and benefit from access control and video-surveillance," explains Corporate Security Service's Tom Coryn. We are currently examining to what extent and with which systems we will extend this surveillance.

Car parks

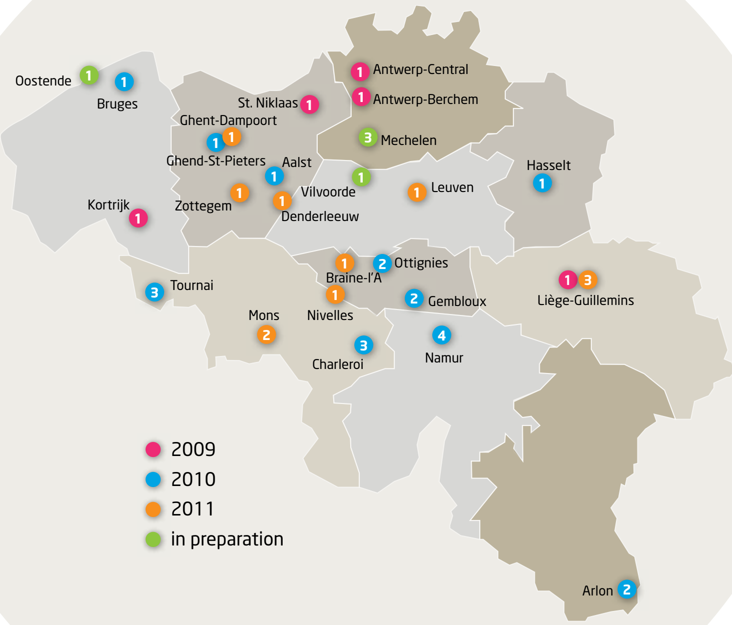
At the end of 2011, there was a total of 55,600 parking spaces for all the stations and halts around the country. SNCB-Holding manages the car parks at the 37 largest stations and the unmanned halts. SNCB manages the car parks at the other stations.

SNCB-Holding has entrusted the operation of its 37 station car parks to its subsidiary B-Parking.

B-Parking provides professional management

B-Parking SA was created in mid-2008 to manage SNCB-Holding car parks, with particular attention to means of transport in harmony with public transport: bikes, shared bikes, cars and any other possible connected service, whether direct or indirect.

By the end of 2011, B-Parking operated 37 car parks equipped with a barrier, which represents 16,000 parking spaces, more than a quarter of the total spaces at stations and halts. The B-Parking board of directors opted for centralised control of the parking system from the outset, thereby permitting the management of a large number of car parks with a structure that is light on staff. The company therefore manages to be profitable while charging very reasonable rates.



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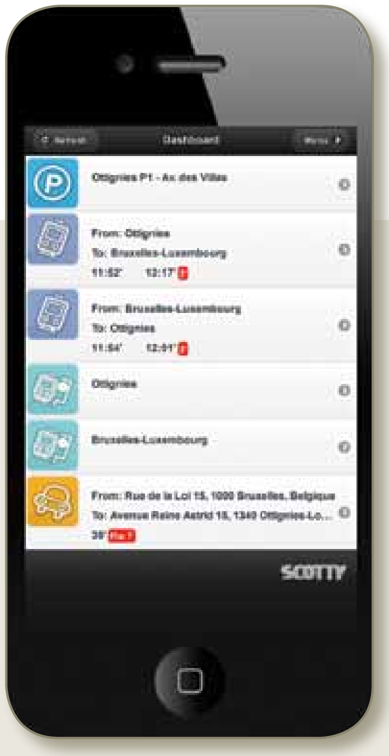


IT plays a key role

Ictra, the SNCB-Holding ICT department, plays an important role in realising the mobility vision and in security projects. The subsidiary Syntigo often supports Ictra in the development of application software.

One of the most noteworthy achievements was the launch of the Scotty.be internet portal in April 2012. This was developed for Go-Mobile, a joint venture between Syntigo and Touring Mobilis.

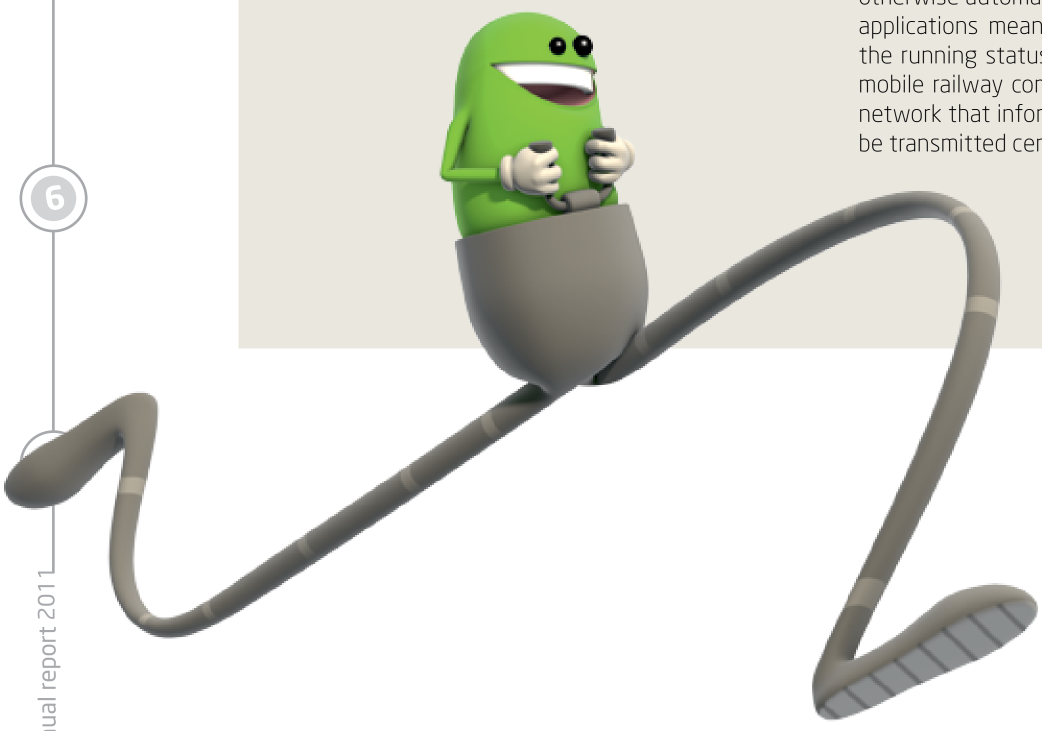
Scotty.be is a personal journey comparison tool that permits users to check their computer, tablet or smartphone immediately and in real time to see if there are any holdups on their journey, what time their next train leaves, how many parking spaces are available, and so on.

They can then choose the most suitable mode of transport or combination of modes of transport.

In other words, it is a key component in the search for network mobility, in which all modes of transport are combined and complement one another.

The IT service also makes a significant contribution to making the B-parking car parks secure. A badge system has been introduced for car park access and the installation of surveillance cameras means that Corporate Security Service can provide permanent monitoring.

Ictra has also developed major security management applications for Infrabel. These applications enable the supervision of “crocodiles”. These are devices placed between rails which send a signal to the train when it passes the crocodile. The driver must confirm the signal, otherwise automatic braking is triggered. These new applications mean that Infrabel can now supervise the running status of crocodiles via the GSM-R, the mobile railway communication network. It is via this network that information on these track devices can be transmitted centrally and automatically.



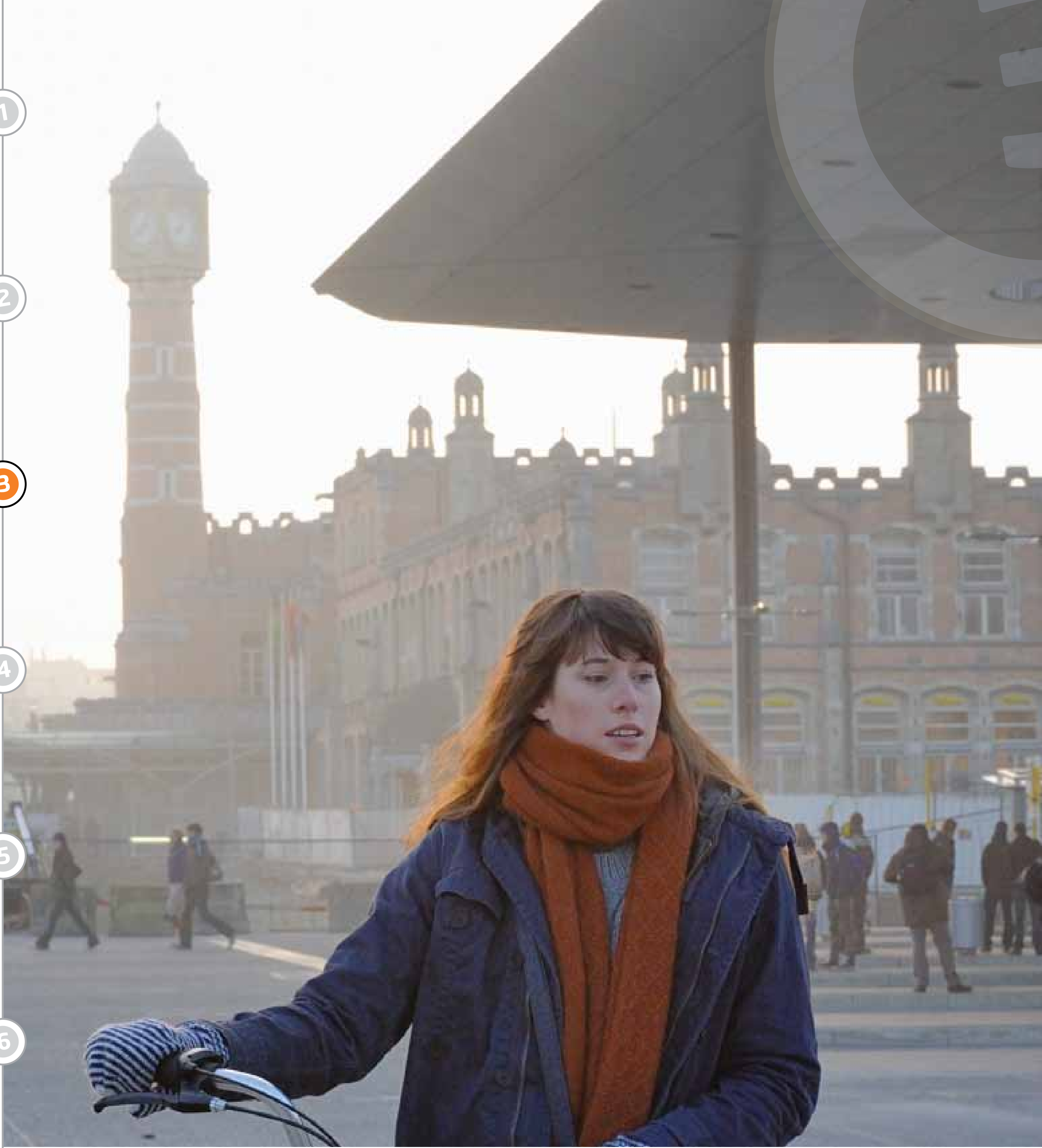
3.3 THE B-MOBILITY KNOWLEDGE CENTRE SUPPORTS NETWORK MOBILITY

B-Mobility, the SNCB-Holding knowledge centre, organised the third B-Mobility Day on 14 October 2011 in Brussels. During this B-Mobility Day, entitled "Linking networks for our future mobility", one thing was very apparent: the mobility of tomorrow will be network mobility. This means that we will combine our different forms of travel according to our personal needs.

Stations play a crucial role in this network mobility: they are multimodal platforms offering the possibility of an easy transition from one mode of transport to another. This makes for sustainable mobility in towns and cities.

Network mobility means shared mobility: the emphasis is placed on how a means of transport is used and not who owns it. The importance of shared bikes has also been underlined, in particular the SNCB-Holding Blue-Bike bike sharing initiative. "These shared bikes are available at 37 Belgian stations and are perfect for extending your train journey to your final destination: get off where you want, choose your route and departure time and never have any parking problems," explains B-Mobility's Dirk Dewulf. "Blue-bike is therefore a sustainable and flexible alternative to the car and the bus, the metro or the tram for the last leg of your journey. In the future, SNCB-Holding wants to extend the Blue-bike network, to include electric bicycles among other things."

Particular attention has also been paid to the electric car. The combination of this type of car with the train is one of the sustainable solutions to the problem of mobility. Following the success of the pilot Plug & Ride project, 34 stations have been equipped with electric car recharging terminals since the start of 2012. In this way SNCB-Holding is demonstrating its total commitment to sustainable network mobility. Information on B-Mobility is available at www.b-mobility.eu



3.4 NETWORK MOBILITY HAS ENABLED A MODAL SHIFT TO THE TRAIN AND SUSTAINABLE MODES OF TRANSPORT

By modernising stations - intermodal network mobility nodes – improving the quality of our railway services, extending our range of transport and offering our customers an à la carte choice of mobility, SNCB-Holding has contributed to the growth in rail passenger transport, thus enabling a modal shift from the car to the train and to more sustainable and less polluting modes of transport.

Indeed, since the start of 21st century, the Group has experienced solid growth, outstripping the other means of transport, and the modal shift to rail is an established fact. This progression will continue in the coming decades, in a context of demographic growth and increasing urbanisation.

To maintain and reinforce the modal shift, SNCB-Holding continues to make significant investments as a station manager, and is working in parallel to realise its vision of the mobility of the future: "network mobility" with the station as a hub.

Sustainability is the guiding principle across all facets of our corporate management. So the challenges are enormous as regards managing skills, maintaining healthy finances and reducing our ecological impact.

Key numbers illustrating growth and efficiency

SNCB-Holding has steadily invested in stations for many years to make them mobility welcome centres, and has also invested in car and bike parks and IT. Car sharing and bike sharing projects have been launched, using stations as a hub. They represent a response to the new emerging trends in our transport habits, which currently focus mainly on young people.

These initiatives take their place in a burgeoning market comprising rail transport and all forms of public transport. Between 2000 and 2011, the annual number of passengers on SNCB trains increased by 51%, to 229 million in 2011. This means that we are getting back to the same level as in the early 60s, just before the car began to take over.

Following the significant decline until 1987, passenger numbers recovered in 2011 to the 1960 level.

The strong growth over the last decade means that the train has also gained market share over the other forms of motorised transport.

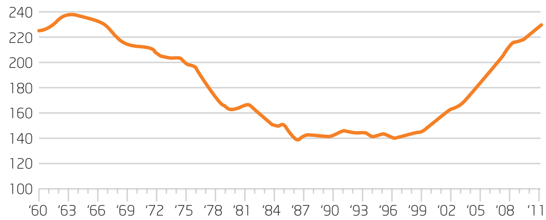
Since the start of the century, bus-tram-metro mobility has outstripped car mobility, and rail mobility has done even better.

All the projections point to sustained growth in long-term passenger rail transport. To provide a qualitative response, the Group needs to continue investing, aware that between 2000 and 2011 annual investments have more than doubled.

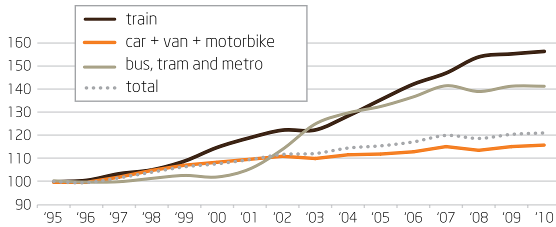
In the period 2000-2011, the Group's annual investments increased from 800 to 1,912 million euros.

And investments will be one of the key issues in the next round of negotiations with the federal government for renewal of the management contract.

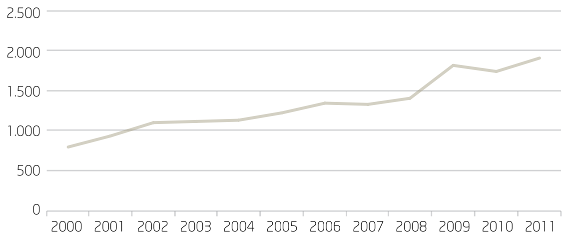
Passengers domestic and international (non Eurostar)



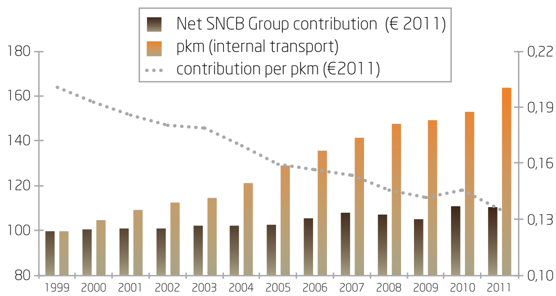
Changes in passenger-km by mode of transport (index 1995 = 100)



SNCB "Group" investments since 2000
(excl. SPVs and PPPs)



Contribution per passenger-km at Group level
(euro/p-km)



4

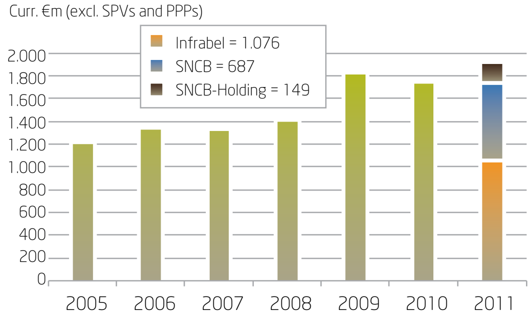
INVESTING FOR CONTINUED GROWTH

The SNCB Group is one of the country's main investors. Through its investments, it seeks to improve mobility in Belgium in terms of the quantity of transport available, of course, but also in terms of the quality and multi-modality of the services offered.

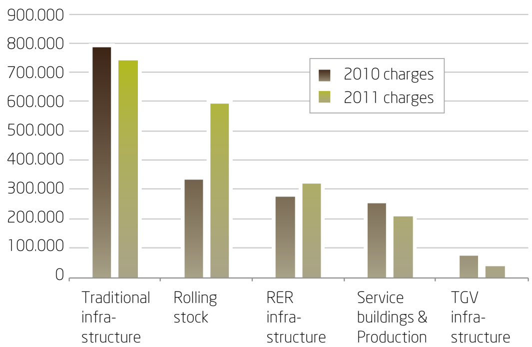
SNCB-Holding invests in network mobility and intermodality through its stations, car parks, ICT and network mobility solutions to further stimulate the modal split.

Record year for SNCB Group investments

2011 was a record year: overall, the SNCB Group has never invested so much in a single year. In fact, for the first time the threshold of 1.9 billion euros invested in one year was exceeded, with 1,912 million euros in total.



The following graph illustrates, in broad terms, the changes in investments compared with 2010.



A slight contraction occurred in respect of conventional infrastructures, but this in no way affected the investments related to the ETCS (European Train Control System) installation, up by 63%, or the traditional extensions (apart from RER and TGV which are discussed elsewhere), up by 16%, which directly underpin the Group's growth on the mobility market.

For their part, SNCB's investments in its rolling stock fleet underwent a quite spectacular change compared with 2010, mainly as a result of purchases of new railcars and locomotives. The number and quality of seats offered on rolling stock are a priority for SNCB's mobility policy.

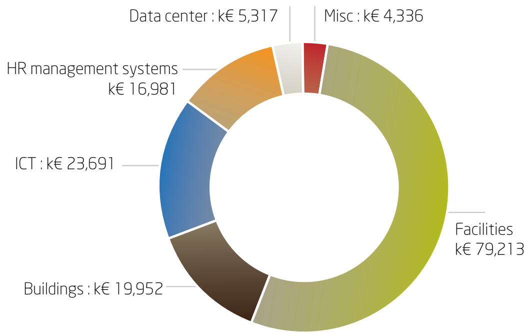
There was also a significant increase in RER investments compared with 2010, reflecting the actual completion of work on the ground. On the other hand, investments relating to TGV stations and infrastructures are nearing their close, and are therefore down compared with 2010.

As regards investments in "service buildings and production resources", the change is mainly due to the completion of a major investment in Bruges.

It should also be pointed out that, outside this 1,912 million euro envelope, there are five other "alternatively" financed infrastructure extension projects. The Liefkenshoek tunnel in the port of Antwerp and the Diabolo project towards Brussels-National airport are public-private partnerships. The modernisation of the Brussels-Namur-Luxembourg stretch, the infrastructure works at Zwankendamme (Zeebrugge) and the project in the port of Brussels are each prefinanced via an SPV, Special Purpose Vehicle.

SNCB-Holding investing in passenger facilities

In 2011, SNCB-Holding invested some 150 million euros in its sectors of activity.



The major part of the investments was devoted to customer facilities, especially at stations and car parks (74 million euros). Another part was dedicated to RER (12.9 million euros) and TGV (3.9 million euros) projects, as well as public area telemonitoring systems amounting to 3.1 million euros.

As regards the ICT sector, two major projects should be highlighted: modernisation of the HR management system (€17.0m) and construction of a new data centre at Mechelen (€5.3m). For the rest, investments in more traditional IT applications and systems complete the picture (€23.7m).

5

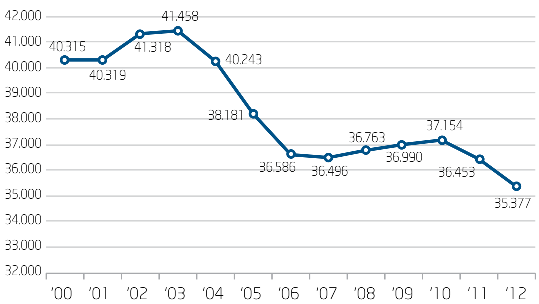
HUMAN RESOURCES

During the past few years, the Group as an employer has clearly forged a solid reputation and has at the same time become more attractive in the eyes of potential candidates. The search for new employees, particularly in staff shortage areas, requires major efforts and considerable budgets. However, the total cost invoiced by HR services remains under control and has hardly increased at all.

Changes in employee headcount

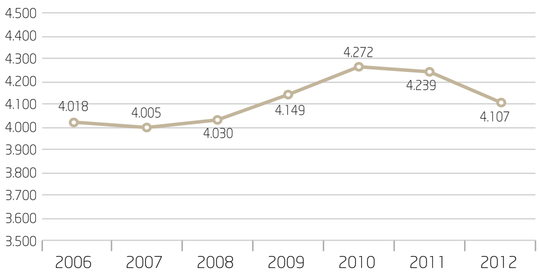
As at 1 January 2011, the SNCB Group had 36,985 employees on the payroll, corresponding to 35,377 full-time equivalents. The 1,468 new employees recruited in 2011 included approximately 17% women, slightly below the 2010 level. Since 2004, the total number of Group employees has fallen, with an interruption of the decline in the period 2007 – 2009.

Holding FTE changes (numbers as at 1 January)



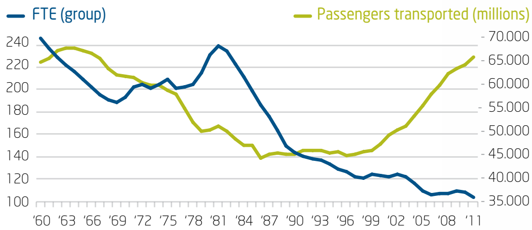
The same trend can be seen in the number of SNCB-Holding FTEs.

FTE changes (numbers as at 1 January)



The employee per passenger transported ratio has fallen sharply

The number of employees continues to fall while the number of passengers has increased year on year since the start of the century.



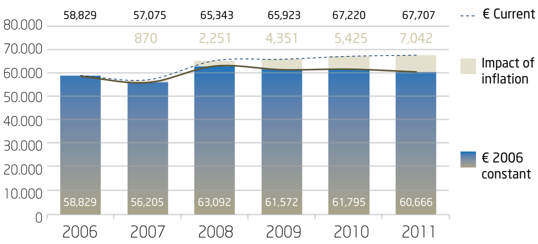
HR management costs under control

The HR management costs invoiced by SNCB-Holding within the Group amounts to roughly 3% of the total payroll.

HR services do not only include the administration of salaries and careers, but also the selection and recruitment of 1,500 to 1,800 employees a year, the training centre with its wide range of courses, occupational health care, pensions management, etc.

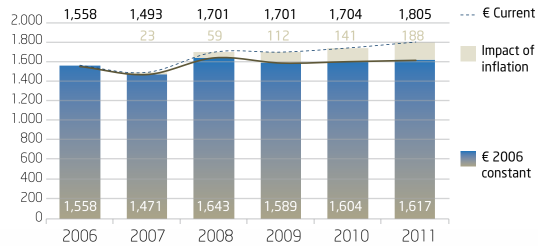
Since 2008, considerable extra efforts have been provided for national recruitment campaigns and for expansion of the range offered by the Train@Rail training centre. Over the period 2008-2011, the total invoiced for HR services has remained virtually identical, and has even reduced in constant euros.

Holding HR billing (x 1.000 €)



Per employee, billing in constant euros has remained practically unchanged since 2008.

Holding HR billing per employee (€/head)



6

FINANCIAL MANAGEMENT

In accordance with articles 95 and 96 of the Companies Code, the Board of Directors has prepared a management report providing information on the following points:

6.1 CHANGES IN ACTIVITIES AND RESULTS

Transfer to IFRS accounting rules

During the financial year 2011, the ambitious project to convert the annual accounts to IFRS accounting rules, as imposed by article 89 of the Management Contract signed between SNCB-Holding and the State, was continued and completed.

The company accounts for 2011 have been prepared and audited in accordance with two sets of accounting standards (Belgian and IFRS). The concordance between the two versions of the annual accounts has been verified, but the duality of standards results in different numbers, since the accounting rules are different depending on the standards applied.

The present report was attached to the accounts filed at the National Bank of Belgium, which were prepared in accordance with Belgian standards, and the numbers quoted are therefore determined according to these accounting rules.

EBITDA

One of the key indicators of a company's financial performance is the change in gross operating cash-flow, which is arrived at by calculating the EBITDA.

As at 31 December 2011, EBITDA amounted to €124.4 million, compared with €112.4 million in 2010, an increase of €12.0 million (10.7%).

This positive change is primarily explained by:

- an overall reduction in turnover and orders-in-progress of €24.1 million;
- a reduction in overall personnel costs of €16.1 million;
- a reduction in miscellaneous goods and services of €28.6 million;
- a reduction in capitalised production of €4.8 million.

It will be seen that the EBITDA improved notwithstanding the significant efforts allowed on rates applied for intragroup invoicing. This result was obtained by virtue of close cost control, as regards both personnel and external charges.

Other significant elements in the results

After taking into account amortisation (-€81.0 million), value reductions on receivables and stock (-€3.6 million) and provisions (+€20.7 million), the operating profit (EBIT) was €60.5 million, an improvement of 22.0 million compared with 2010 (€38.5 million).

The financial results are negative to the tune of €0.4 million. They include financial products totalling €271.9 million, 82.0 million of which is for amortisation of capital subsidies received, and financial charges of €272.3 million including in particular the net interest charge relating to the "management contract" debt amounting to €76.9 million.

In view of the expected financial prospects for the next few years for its wholly-owned subsidiary SNCB, SNCB-Holding has reduced the value of its shareholding in SNCB to zero, resulting in a value reduction of €128.6 million charged to the financial year 2011.

The overall result for the financial year is a negative €16.2 million, as against a loss of €201.5 million in 2010, i.e. an improvement of €185.3 million.

Balance sheet

The overall balance for SNCB-Holding was €10,130.2 million, representing a reduction compared with the previous year (€10,450.8 million).

The balance sheet structure is still characterised by a significant amount of fixed assets (€5,319.4 million) essentially representing tangible fixed assets (€1,323.5 million), but also financial fixed assets (€3,880.4 million of shareholdings in subsidiaries).

With particular regard to tangible fixed assets and intangible fixed assets, SNCB-Holding invested €149.5 million in 2011, including €32.7 million for stations and €41.2 million for car parks.

The remaining assets are current assets (€4,810.8 million), which among other things include €1,423.0 million of receivables falling due in more than one year and €2,127.2 million of cash investments and liquid assets.

The liabilities mainly comprise €1,855.0 million of shareholders' equity, €4,580.4 million of debts falling due in more than one year and €2,541.8 million of debts falling due within one year.

It is important to note however that the balance sheet debt cannot be analysed without offsetting against it certain assets (fixed term deposits or receivables) which are closely linked to it, due to the structure of certain loans, and also the cash-pooling function assumed by SNCB-Holding in favour of the SNCB Group. For this reason indebtedness is subject to a specific calculation as detailed below.

Changes in indebtedness

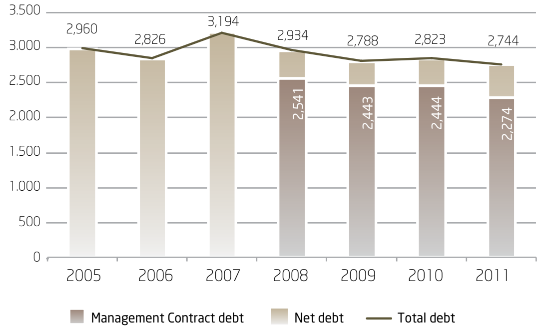
SNCB-Holding's net indebtedness is the debt contracted with financial institutions as entered in the accounts:

+interest-bearing intragroup debts;
– interest-yielding intragroup cash investments;
– "Back-to-Back" transactions concluded with the State in connection with the write-back of debt to 1 January 2005;
– liquid assets and cash investments with financial institutions not managed on behalf of third parties (RER Fund, Liefkenshoektunnel, Employee Benefits Fund);
– cash investments earmarked for partial repayment of the nominal debt amount contracted with financial institutions;
– interest-yielding receivables relating to intragroup companies.

During the 2011 financial year, SNCB-Holding's net debt reduced by €78.9 million, from €2,822.9 million to €2,744.0 million. This favourable change is primarily the result of the achievement of savings targets at an operational level combined with the sale, on excellent terms, of non-strategic immovable assets (notably the Kamgebouw building in Bruges).

Article 88 of the management contract entered into with the State imposes stabilisation of the debt for which it is responsible, i.e. disregarding the loans made on behalf of public authorities, in connection with contracts by which the latter secure the principal and interest charge of such loans. The graph below shows the changes in this debt and demonstrates that SNCB-Holding has met the target imposed by its management contract.

It should be pointed out that the amount of the 2010 debt included in the above graph does not correspond to the amount published in the management report for



the financial year 2010. In fact, there is a difference of €10 million, which is explained by the conversion to IFRS standards which required an adjustment to the accounts and therefore a recalculation of the 2010 debt.

The company's financial policy provides in particular that the ratio of fixed to variable interest rates must be 2/3 to 1/3, with a ±5% margin. As at the end of December 2011, this fixed-variable ratio was 63.10% and 36.90% respectively. These ratios therefore fall within the authorised range.

Participatie in B-Logistics

De engagementen die eind 2009 door de NMBS-Holding genomen werden om de logistieke activiteit van de NMBS-Groep gezond te maken, en die door de Europese Unie in mei 2010 en door de Nationale Paritaire Commissie in november 2010 goedgekeurd werden, werden gerealiseerd.

Een specifiek filiaal, NMBS Logistics, heeft zijn activiteit kunnen opstarten in februari 2011, en voert het goedgekeurde herstructureringsplan uit.

6.2 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date for the financial year 2011.

6.3 CIRCUMSTANCES POSSIBLY HAVING A MATERIAL INFLUENCE ON THE DEVELOPMENT OF THE COMPANY

Apart from the circumstances mentioned below under the risks heading, there are no particular circumstances currently worth highlighting.

6.4 RESEARCH AND DEVELOPMENT ACTIVITY

The Company does not conduct any research and development activity which can be valued as such.

6.5 COMPANY BRANCHES

SNCB-Holding does not have any branches.

6.6 APPLICATION OF CONTINUITY RULES

SNCB-Holding's result for the year was a negative €16.2 million, but it should be pointed out that, from its activities, the Company generated a gross operating surplus (EBITDA) which was a positive €124.4 million as at the end of 2011, up by €12.0 million on 2010. This amount largely covers the financial charges connected with the "management contract" debt (€76.9 million).

Furthermore, SNCB-Holding's net "management contract" debt fell by €170.0 million in one year.

Lastly, although SNCB-Holding's rating was downgraded in 2011 by the rating agencies Moody's (from Aa1 to A1) and Standard & Poor's (from AA to A+, with a "negative" outlook), we should highlight the success achieved by the EMTN financing programme launched at the beginning of 2012 by SNCB-Holding, which has succeeded in raising funds amounting to €500 million on attractive financial terms (4.0465%, as compared with corresponding OLO rate on the date the issue was concluded, namely 3.61%).

In accordance with the obligations arising from article 109 of the management contract, the SNCB-Holding Board of Directors monitors the changes in the SNCB financial situation with careful attention as this negative impact risks jeopardising the financial equilibrium of the SNCB Group as a whole and, at the same time, compromising the achievement of the management contract objectives.

As in the previous year, SNCB-Holding was requested by the SNCB board of directors to provide it with a "letter of comfort" guaranteeing its continuity.

On 27 April 2012 SNCB-Holding guaranteed the continuity of SNCB SA de droit public (public limited company) until the Statutory General Meeting of SNCB in 2013. The undertaking also covers – for the period covered – any supplementary risks that SNCB is obliged to assume, taking due account of the applicable legal rules, in the event of discontinuity of its subsidiary SNCB Logistics.

Under their own management contract (cf. articles 83 and 82 respectively), SNCB and Infrabel have undertaken similar commitments intended to stabilise their net financial indebtedness and the consolidated financial indebtedness.

6.7 REPORTING AND CONTROL

Each month, an activity report is prepared by the Finance Treasury department for the Chief Financial Officer, the Deputy Chief Financial Officer, Accounts, Internal Audit, and the Audit Committee.

Each quarter, the Finance Department reports on the financial activities to the Executive Committee, the Audit Committee and the Board of Directors, as part of the presentation of the financial statements.

In addition, Internal Audit is responsible for verifying compliance with the financial policy defined by the company, in particular as regards the use of derivatives, and the accuracy of reports.

In view of the internal regulations in force regarding the management and reduction of risks, it is clear that the existing contracts relating to derivatives will have only a marginal impact on the Company's cash flow, liquidity, credit, and price risks.

These risks are assessed quarterly at their market value and the necessary provisions are made or written back.

In accordance with article 67 of the Management Contract with the State, the Finance Department submits regular reports on the utilisation of the RER (Regional Express Network) Fund financial resources to the D.G.T.T. (Directorate-General of Ground Transportation) and the Minister of Public Enterprises.

The resources managed by SNCB-Holding for the LiefkensHoek Rail Link (under the supervision of the Flemish Region) and for the Flemish Region in connection with the Mechelen development project are also the subject of a special report to the Flemish Region.

6.8 RISKS AND UNCERTAINTIES RELATING TO THE USE OF FINANCIAL INSTRUMENTS AND THE COMPANY'S FINANCIAL SITUATION

In connection with financing its debt and concluding various alternative financing transactions, SNCB-Holding carries out active management with a view to controlling certain risks, in particular relating to liquidity, exchange, and credit and interest rates. For this purpose, it has drawn up a financial policy, approved by the Board of Directors, laying down stringent regulations for this risk management.

To cover exchange and interest rate risks, products known as "derivatives" are used, namely swaps, forward rate agreements, options, forward exchange contracts and futures, the underlying securities being an interest rate, inflation, an exchange rate, energy products (including diesel for diesel traction and traction electricity) or a receivable.

Such transactions are entered in the accounts in accordance with IAS standards 32 and 39 for the accounts published under "full IFRS", and with Belgian accounting legislation for the accounts published under Belgian Gaap.

Three counterparties need to be consulted in advance for the conclusion of hedging transactions.

Trading operations are excluded.

The financial policy mentioned above is also applicable for the financial resources of the RER Fund, which SNCB-Holding manages in the name and on behalf of the State.

Liquidity risk

When financing is contracted, account is taken of the forecast changes in the future cash flow in order to level out and reduce the cash balances as far as possible. Investments and loans must be aligned to each other in order to limit risks at an internal level to the maximum.

In addition, the liquidity risk is covered by a spread over time of the due dates of the debt. Thus, 20% at most of the outstanding debt may mature in the same year, with a maximum of 10% of the debt per quarter.

Exchange risk

Any debt transaction, even short term, generating an exchange risk, must be immediately covered in full in EUR (capital and interest) by the use of derivatives.

The covered position can be accompanied by a floating or fixed interest rate.

Interest rate risk

The working methods for limiting liquidity risks, in point 1, are also applied to cover interest rate risks.

The aim is for the part of the fixed rate debt to represent 2/3 of the total debt. This ratio may be adjusted according to market conditions, but set procedures must be complied with.

The pre-financing contracted by SNCB-Holding for the TGV project, the RER equipment and the purchase of series 18 locomotives, which is covered, is not taken into account in the ratio calculation.

Credit risk

Investments must be in the form of a loan and cannot use risk capital. They are subject to strict minimum rating criteria of the counterparties, depending on the term of the investment.

Maximum amounts per counterparty have also been set. These limits are, however, not applicable to investments and instruments that benefit from an AAA/Aaa rating or are issued or guaranteed by the Belgian Government, the Flemish Community, the Walloon Region, the Wallonia-Brussels Federation and the Brussels-Capital Region.

For derivatives, the credit risk in relation to the counterparties must be routinely distributed and covered by Credit Support Annex (CSA) contracts. With regard to contracts of this type, regular calculations are made of the net amount that should be paid by either SNCB-Holding or the counterparty, in the event of cancellation of the total outstanding amount of the derivatives entered into with the latter.

Recourse to CSAs restricts the risk to a ceiling, which varies according to the rating of the counterparty. Continued downgrading of SNCB-Holding's rating (below "high grade credit") will result in considerable sums having to be lodged under these CSA contracts. In one specific case, an investor must be repaid in advance.

If a bank's rating falls below BBB+/Baa, contracts with this bank must be transferred to another bank that has a higher rating.

With counterparties that have received a "negative credit watch", no new transactions can be carried out during the negative credit watch period.

Regional pre-financing

On 5 December 2006, the country's three Regions and the federal government entered into a pre-financing agreement for new rail infrastructures. Thanks to their financial input, SNCB-Holding can pre-finance these investments, the completion of which will be accelerated.

SNCB-Holding is advancing the necessary funds for Infrabel, or SNCB-Holding itself, to proceed with execution of the work. The Regions are contributing to the payment of interest charges, and the investments will ultimately be paid for by the federal investment contribution granted to the SNCB Group.

The implementation of four of the six infrastructure products, for which rapid and coordinated execution is seen as a priority by the three Regions, will be accelerated: these are the modernisation of the Brussels-Luxembourg line, the modernisation of the Zeebrugge marshalling yard, the Port of Brussels rail link and the construction of a car park at Ottignies-Louvain-la-Neuve.

For each project to be financed, SNCB-Holding has provided or will provide a wholly owned SPV (Special Purpose Vehicle); it assumes the market debt and places the amount of the loans at the disposal of the SPVs according to their requirements. Interest on these loans is paid by contributions from the Region concerned, up to an agreed ceiling.

One approved project has not yet started up; this is the construction of a new station at Gosselies airport.

Construction of the Liefkenshoek rail link in the Port of Antwerp is being financed by a public-private partnership.

On 1st March 2010, SNCB-Holding also entered into an agreement with SRWT (General Walloon Transport Company) and the Walloon Region for co-financing a public intermodal (train/bus) station in Mons. The choice of this joint project comes from the wish to provide perfect integration between the different modes of public transport using a shared platform. The estimated cost of the part of the station operated by the TECs is estimated at €28 million. The Walloon Region will co-finance the project by means of an indexed annuity paid between 2010 and 2025. Unlike with other pre-financing, the project will not be subject to federal investment, but fully paid for (both capital and interest) by a Region.

The cooperation agreement of 9 May 2008 governs the pre-financing of road infrastructure as part of the redevelopment of the station surroundings and the restoration of neighbouring public spaces in Mechelen. SNCB-Holding is managing the pre-financing of the construction of a road link. The Flemish Region is indemnifying the costs of constructing this link incurred by SNCB-Holding. As at 31 December 2011, the net capitalised amount paid by the Flemish Region to SNCB-Holding was €27,742,524.57.

Transactions with related parties executed under non-market conditions

Pursuant to the Royal Decree of 10 August 2009, SNCB-Holding is obliged to provide additional information on significant transactions with related parties executed under non-market conditions, in particular by companies meeting more than one of the criteria set out in article 16, §1, sub-paragraph 1 of the Companies Code.

Although transactions with SNCB are not covered by the provisions of the Decree, since SNCB-Holding is the sole shareholder thereof, it should be noted that transactions with them are either executed at cost price (in particular the secondment of personnel), or subject to intra-group contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available. For certain rolling stock sub-leasing contracts, entered into at the time of implementation of the new SNCB Group structure on 1 January 2005, no market reference was, or is, however available.

With regard to Infrabel, in which SNCB-Holding holds 93.5% of the shares and 20% less one share of the voting rights, no transactions were executed under non-market conditions. In fact, the transactions in which SNCB-Holding is the supplier are either executed at cost price (in particular the secondment of personnel) or subject to intragroup contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available. Likewise, the transactions in which Infrabel is the supplier are either executed at cost price (in particular the supply of electricity) or subject to intragroup contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available.

No material transactions were executed with other subsidiaries or sub-subsidiaries not directly or indirectly wholly owned by SNCB-Holding.

For the sake of prudence, it is also specified that no material transactions were executed under non-market conditions with companies not directly or indirectly wholly owned by the State, which owns 99.9% of the SNCB-Holding shares. Furthermore no material transactions were entered into under non-market conditions with members of management or executive bodies or persons related thereto.

6.9 ANNUAL ACCOUNT OF SNCB-HOLDING

SNCB-Holding has prepared its financial statements according to both Belgian generally accepted accounting principles and IFRS. Currently, only the former are subject to a certification report by the external auditors and submitted for approval to the general meeting of shareholders. The management report has been prepared on this basis and contains comments on the main developments concerning the accounts prepared under these standards.

The financial statements of SNCB-Holding according to IFRS are presented below. The financial statements prepared in accordance with Belgian generally accepted accounting principles are available on the site of SNCB-Holding (http://www.sncb-holding.be/en/about-our-company/annual-report), and on the site of the "Centrale des Bilans/Balanscentrale" of the National Bank of Belgium.

ASSETS (31/12/2011 - millions €)	2011	2010	Δ€	Δ%
NON-CURRENT ASSETS				
Intangible assets	115,5	92,9	22,6	24,3%
Property, plant and equipment	1.234,1	1.235,5	-1,4	-0,1%
A. Land	74,0	65,7	8,3	12,7%
B. Buildings	697,6	717,0	-19,4	-2,7%
C. Railway infrastructure	3,0	0,0	3,0	N.S.
D. Railway rolling stock	104,3	105,6	-1,4	-1,3%
E. Plant and various equipment	355,3	347,2	8,1	2,3%
F. Tangible fixed assets under construction	72,4	60,3	12,1	20,0%
Investment property	3.443,8	3.530,8	-86,9	-2,5%
Associates and joint ventures	13,8	13,0	0,8	6,0%
Trade and other receivables	630,8	653,2	-22,4	-3,4%
Derivatives	305,3	311,5	-6,2	-2,0%
Other financial assets	2.112,9	1.861,9	251,0	13,5%
Deferred tax assets	158,6	124,1	34,5	27,8%
Subtotal of non-current assets	**8.087,2**	**7.883,3**	**203,9**	**2,6%**
CURRENT ASSETS				
Inventories	8,3	8,4	-0,2	-1,9%
Trade and other receivables	1.017,5	1.043,9	-26,4	-2,5%
Derivatives	0,9	0,1	0,8	N.S.
Other financial assets	410,8	667,7	-256,9	-38,5%
Current tax assets	0,0	0,0	0,0	N.S.
Cash and cash equivalents	818,0	982,7	-164,6	-16,8%
Subtotal of current assets	**2.255,6**	**2.702,8**	**-447,2**	**-16,5%**
NON-CURRENT ASSETS HELD FOR SALE				
Non-current assets held for sale	1,8	0,2	1,7	N.S.
TOTAL ASSETS	**10.344,6**	**10.586,3**	**-241,7**	**-2,3%**

* N.S. : non-significant

Equity and liabilities (31/12/2011 - millions €)	2011	2010	Δ€	Δ%
EQUITY				
Share capital	741,8	741,8	0,0	0,0%
Reserves	-40,8	185,9	-226,6	-121,9%
Total comprehensive income for the financial year	-40,6	-226,6	186,1	-82,1%
Total equity	**660,4**	**701,0**	**-40,6**	**-5,8%**
NON-CURRENT LIABILITIES				
Employee benefit obligations	427,1	444,2	-17,1	-3,9%
Provisions	108,2	207,2	-99,0	-47,8%
Financial liabilities	4.583,7	4.326,1	257,6	6,0%
Derivatives	444,9	269,3	175,7	65,2%
Trade and other payables	27,7	20,0	7,7	38,7%
Grants	1.220,3	1.156,6	63,6	5,5%
Other amounts payable	324,7	387,4	-62,7	-16,2%
Subtotal of non-current liabilities	**7.136,7**	**6.810,9**	**325,8**	**4,8%**
CURRENT LIABILITIES				
Employee benefit obligations	30,6	34,5	-3,9	-11,4%
Provisions	33,2	29,4	3,8	12,9%
Financial liabilities	1.154,9	1.467,4	-312,5	-21,3%
Derivatives	47,7	35,7	12,0	33,6%
Trade and other payables	255,9	275,1	-19,2	-7,0%
Social debts	534,7	552,4	-17,7	-3,2%
Grants	71,3	67,5	3,8	5,7%
Other amounts payable	419,3	612,3	-193,1	-31,5%
Subtotal of current liabilities	**2.547,5**	**3.074,3**	**-526,9**	**-17,1%**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE				
Liabilities associated with non-current assets held for sale	0,0	0,0	0,0	N.S.
Total liabilities	**9.684,2**	**9.885,3**	**-201,1**	**-2,0%**
TOTAL EQUITY AND LIABILITIES	**10.344,6**	**10.586,3**	**-241,7**	**-2,3%**

STATEMENT OF COMPREHENSIVE INCOME	2011	2010	Δ€	Δ%
CONTINUING OPERATIONS				
OPERATING INCOME BEFORE INVESTMENT GRANTS				
Turnover	2.238,1	2.266,0	-27,9	-1,2%
Operating grants	227,1	223,2	3,9	1,7%
Internally generated fixed assets	26,2	31,0	-4,8	-15,5%
Other operating income	60,9	40,6	20,2	49,8%
Total of the operating income before investment grants	**2.552,3**	**2.560,9**	**-8,6**	**-0,3%**
OPERATING EXPENSES BEFORE DEPRECIATION AND IMPAIRMENT				
Purchase of raw materials and goods for resale	-0,4	-0,2	-0,2	86,8%
Services and other goods	-251,3	-271,4	20,2	-7,4%
Employee benefit expenses	-2.101,6	-2.143,9	42,3	-2,0%
Other operating expenses	-9,5	-11,1	1,6	-14,2%
Total of the operating expenses before depreciation and impairment	**-2.362,7**	**-2.426,6**	**63,9**	**-2,6%**
Operating result before investment grants, depreciation and impairment	**189,6**	**134,3**	**55,3**	**41,2%**
Investment grants	73,9	80,8	-6,9	-8,5%
Depreciation and impairment losses on intangible assets , property, plant and equipment and investment properties	-83,2	-89,2	6,0	-6,7%
Impairment losses on investments in subsidiaries, joint ventures and associates	-129,5	-291,4	161,9	-55,5%
Operating result	**50,7**	**-165,5**	**216,2**	**N.S.**
Financial income	342,6	330,4	12,2	3,7%
Financial expenses	-492,9	-418,3	-74,7	17,9%
Net financial result	**-150,3**	**-87,9**	**-62,4**	**71,0%**
Net result from continuing operations before tax		**-253,4**	**153,8**	**-60,7%**
Income taxes	55,4	21,4	34,0	158,9%
Net result from continuing operations	**-44,1**	**-232,0**	**187,8**	**-81,0%**
NET RESULT FOR THE YEAR	-44,1	-232,0	187,8	-81,0%
OTHER COMPREHENSIVE INCOME FOR THE YEAR :				
That will not be reclassified subsequently to profit or loss				
Actuarial differences on post-employment benefits	22,9	4,3	18,6	N.S.
Tax relating to other comprehensive income	-20,9	1,0	-22,0	N.S.
Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss	**2,0**	**5,3**	**-3,3**	**-62,7%**
That will be reclassified subsequently to profit or loss when specific conditions are met				
Available-for-sale financial assets	1,6	0,0	1,6	N.S.
Tax relating to other comprehensive income	0,0	0,0	0,0	N.S.
Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met	**1,6**	**0,0**	**1,6**	**N.S.**
Total other comprehensive income for the year		**5,3**	**-1,8**	**-33,2%**
TOTAL COMPREHENSIVE INCOME		-226,6	186,1	-82,1%


GEMBLOUX

6.10 LIMITED CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2011

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

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

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

ASSETS (31/12/2011)	2011	2010	Δ€	Δ%
FIXED ASSETS				
Intangible assets	1.693,9	1.630,0	63,9	3,9%
Property, plant and equipment	18.469,4	17.464,3	1.005,2	5,8%
A. Land	333,9	326,8	7,1	2,2%
B. Buildings	1.014,3	1.115,7	-101,4	-9,1%
C. Railway infrastructure	7.739,0	7.692,3	46,7	0,6%
D. Railway rolling stock	3.157,7	3.090,7	67,0	2,2%
E. Plant and various equipment	489,9	454,2	35,7	7,9%
F. Tangible fixed assets under construction	5.734,7	4.784,6	950,1	19,9%
Investment property	72,4	60,3	12,1	20,0%
Associates and joint ventures	328,9	366,2	-37,3	-10,2%
Trade and other receivables	972,5	975,3	-2,8	-0,3%
Financial derivatives	300,5	311,5	-11,0	-3,5%
Other financial assets	1.661,9	1.703,4	-41,5	-2,4%
Deferred tax assets	158,6	124,1	34,5	27,8%
Subtotal of fixed assets	**23.658,1**	**22.635,0**	**1.023,1**	**4,5%**
CURRENT ASSETS				
Inventories	443,9	447,6	-3,7	-0,8%
Trade and other receivables	1.665,2	1.541,1	124,2	8,1%
Financial derivatives	0,9	0,1	0,9	N.S.
Other financial assets	410,9	667,8	-256,9	-38,5%
Current tax assets	0,0	0,0	0,0	N.S.
Cash and cash equivalents	693,0	559,6	133,5	23,9%
Subtotal of current assets	**3.214,0**	**3.216,1**	**-2,1**	**-0,1%**
NON-CURRENT ASSETS HELD FOR SALE				
Non-current assets held for sale	1,8	0,2	1,7	N.S.
TOTAL ASSETS	**26.873,9**	**25.851,2**	**1.022,6**	**4,0%**

EQUITY AND LIABILITIES (31/12/2011)	2011	2010	Δ€	Δ%
EQUITY				
Share capital	3.903,4	3.402,0	501,3	14,7%
Share premium	499,9	499,9	0,0	0,0%
Redeemed own shares (-)	-3.706,8	-3.205,5	-501,3	15,6%
Consolidated reserves	-793,0	-488,5	-304,5	62,3%
Total comprehensive income for the financial year	-348,9	-304,5	-44,4	14,6%
Group equity	-445,5	-96,6	-348,9	N.S.
Non-controlling interests	0,0	0,0	0,0	N.S.
Total equity	**-445,5**	**-96,6**	**-348,9**	**N.S.**
NON-CURRENT LIABILITIES				
Employee benefit obligations	458,7	483,0	-24,3	-5,0%
Provisions	208,8	221,4	-12,6	-5,7%
Financial liabilities	4.583,7	4.329,8	253,8	5,9%
Financial derivatives	397,4	269,3	128,2	47,6%
Deferred tax liabilities	0,0	0,0	0,0	N.S.
Trade and other payables	29,6	20,0	9,6	48,2%
Grants	17.289,2	16.256,5	1.032,7	6,4%
Other amounts payable	283,4	349,2	-65,8	-18,9%
Subtotal of non-current liabilities	**23.250,8**	**21.929,3**	**1.321,5**	**6,0%**
CURRENT LIABILITIES				
Employee benefit obligations	40,5	41,7	-1,2	-2,8%
Provisions	99,8	53,6	46,1	86,0%
Financial liabilities	825,0	1.021,2	-196,1	-19,2%
Financial derivatives	25,2	35,7	-10,5	-29,5%
Current tax payables	0,0	0,0	0,0	N.S.
Trade and other payables	1.049,7	830,4	219,4	26,4%
Social debts	536,8	552,4	-15,6	-2,8%
Grants	605,8	571,2	34,6	6,1%
Other amounts payable	885,9	912,5	-26,6	-2,9%
Subtotal of current liabilities	**4.068,6**	**4.018,6**	**50,0**	**1,2%**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE				
Liabilities associated with non-current assets held for sale	0,0	0,0	0,0	N.S.
Total liabilities	**27.319,4**	**25.947,8**	**1.371,6**	**5,3%**
TOTAL EQUITY AND LIABILITIES	**26.873,9**	**25.851,2**	**1.022,6**	**4,0%**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2011	2010	Δ€	Δ%
CONTINUING OPERATIONS				
OPERATING INCOME BEFORE INVESTMENT GRANTS				
Turnover	1.585,9	1.557,1	28,9	1,9%
Operating grants	1.346,3	1.328,5	17,8	1,3%
Internally generated fixed assets	510,6	509,6	1,0	0,2%
Other operating income	128,5	141,3	-12,9	-9,1%
Total of the operating income before investment grants	**3.571,3**	**3.536,6**	**34,8**	**1,0%**
OPERATING EXPENSES BEFORE DEPRECIATION AND IMPAIRMENT				
Purchase of raw materials and goods for resale	-229,7	-197,7	-31,9	16,2%
Services and other goods	-1.223,5	-1.170,4	-53,1	4,5%
Employee benefit expenses	-2.111,3	-2.171,4	60,2	-2,8%
Other operating expenses	-64,6	-1,5	-63,1	N.S.
Total of the operating expenses before depreciation and impairment	**-3.629,1**	**-3.541,1**	**-88,0**	**2,5%**
Operating result before investment grants, depreciation and impairment	**-57,7**	**-4,5**	**-53,2**	**N.S.**
Investment grants	704,6	600,7	103,9	17,3%
Depreciation and impairment	-862,2	-778,1	-84,1	10,8%
Operating result	**-215,4**	**-181,9**	**-33,4**	**18,4%**
Financial income	314,9	303,6	11,3	3,7%
Financial expenses	-505,8	-452,9	-52,9	11,7%
Net financial result	**-190,9**	**-149,3**	**-41,6**	**27,9%**
Net result from continuing operations before tax	**-406,3**	**-331,2**	**-75,0**	**22,7%**
Income taxes	55,4	21,4	34,0	N.S.
Net result from continuing operations	**-350,9**	**-309,8**	**-41,0**	**13,2%**
DISCONTINUED OPERATIONS				
Net result for the year from discontinued operations	0,0	0,0	0,0	N.S.
NET RESULT FOR THE YEAR	**-350,9**	**-309,8**	**-41,0**	**13,2%**
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
That will not be reclassified subsequently to profit or loss				
Actuarial differences on post-employment benefits	22,9	4,3	18,6	N.S.
Tax relating to other comprehensive income	-20,9	1,0	-22,0	N.S.
Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss	**2,0**	**5,3**	**-3,3**	**-62,7%**
That will be reclassified subsequently to profit or loss when specific conditions are met				
Translation differences	0,0	0,0	0,0	N.S.
Available-for-sale financial assets	0,0	0,0	0,0	N.S.
Tax relating to other comprehensive income	0,0	0,0	0,0	N.S.
Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met	**0,0**	**0,0**	**0,0**	**N.S.**
Total other comprehensive income for the year	**2,0**	**5,3**	**-3,3**	**-62,7%**
TOTAL COMPREHENSIVE INCOME	**-348,9**	**-304,5**	**-44,4**	**14,6%**
Net result for the year				
Attributable to the shareholders	-350,9	-309,8	-41,0	13,2%
Attributable to non-controlling interests	0,0	0,0	0,0	N.S.
Total comprehensive income				
Attributable to the shareholders	-348,9	-304,5	-44,4	14,6%
Attributable to non-controlling interests	0,0	0,0	0,0	N.S.

	2011
CASH FLOW FROM OPERATING ACTIVITIES	
Net result for the year	**-350,9**
Adjustments for	
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	820,9
Write-down on inventories, impairment losses on trade debtors and other amounts receivable	49,9
Changes in fair value of financial derivatives	76,9
Changes in fair value of and impairment losses on other financial assets and financial liabilities	16,0
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	-37,4
(Gain) / loss on disposal of financial assets	40,7
Fees on cross-border arrangements recognised in net result	-20,2
Provisions	33,5
Employee benefits	-2,5
Investment grants recognised in net result	-707,7
Net of interest income and expenses	125,7
Share of net result of entities accounted for using the equity method	-55,4
Income taxes	-0,6
Translation differences	**-11,1**
Change in net working capital	
Inventories	-22,7
Trade and other receivables	-207,0
Trade and other payables, and social debts	116,5
Cash generated from operations	**-113,2**
Tax paid	0,0
NET CASH FROM OPERATING ACTIVITIES	**-124,2**
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of property, plant and equipment, intangible assets and investment property	-2.020,8
Acquisition of financial assets	-74,7
Acquisition of subsidiaries, net	-3,4
Investment grants received	1.861,6
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	154,9
Proceeds from disposal of other financial assets	436,9
Proceeds from disposal of financial participations and receivables	0,0
Interest received	84,8
Dividends received	7,0
NET CASH FROM INVESTING ACTIVITIES	**446,3**
CASH FLOW FROM FINANCING ACTIVITIES	
Increase / (decrease) of financial liabilities	799,4
Redemption of financial liabilities (including financial lease liabilities)	-830,1
Redemption/payments of financial derivatives	54,2
Interest paid	-216,2
Dividends paid	0,0
NET CASH FROM FINANCING ACTIVITIES	**-192,6**
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	**129,5**
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR	**559,6**
Translation differences	0,0
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	**689,0**

7 CORPORATE GOVERNANCE

The SNCB-Holding articles of association are heavily influenced by its legal status as a Société anonyme de droit public (public limited company). As such, SNCB-Holding is primarily subject to the Law of 21 March 1991 on the reform of certain economic public enterprises. For matters not covered by this Law, it is subject to the Companies Code.

In the world in which we operate, Corporate Governance is a major issue and demands the greatest attention and most transparent rules. As a public company, SNCB-Holding is firmly committed to taking responsibility for and improving the management and control of its activities. Because of its public service duties, SNCB-Holding's responsibility is directly incurred with respect to its reference shareholder – the State – and its customers: people who travel by train.

Corporate Governance statement

With respect to rules of corporate governance, SNCB-Holding complies with the reference code imposed by the royal decree of 6 June 2010 (Ministerial Order of 28 June 2010, p. 39622 et seq.), save as provided for by the Law of 21 March 1991 on the reform of certain economic public enterprises.

In order to properly perform its obligations, SNCB-Holding is supported not only by its Board of Directors but also by three specialist committees, the Audit Committee, the Appointments and Remuneration Committee and the Strategic Committee, as well as the Executive Committee and other consultative commissions and committees, such as:

- the Steering Committee
- the National Joint Commission
- the Three CEOs Committee
- the Strategic Unit

Not forgetting the inspection bodies, such as the Government Commissioner and the Board of Auditors.

For a more detailed description of the management structure and the operating rules of the management bodies, please refer to the Corporate Governance Charter published on the SNCB-Holding website (www.sncb-holding.be).

Derogation from the Belgian Corporate Governance Code 2009

SNCB-Holding complies with the principles and provisions of the Belgian Corporate Governance Code 2009, with the exception of provisions 4.1, 4.2, 4.6 and 4.7.

Provisions 4.1 and 4.2 stipulate that the Board of Directors establishes appointment procedures and selection criteria for directors and that it is the Chairman or other non-executive director that conducts the appointment process. However, article 162 bis §2 of the Law of 1991 stipulates that the King shall appoint a number of directors in proportion to the voting rights attached to the shares held by the State. As the Belgian State holds 99.998% of the shares, all its directors are appointed by the King, according to the complementary nature of their skills.

Provision 4.6 stipulates that the directors' mandates must not exceed four years, whereas, according to article 162 bis §3 of the Law of 1991, the mandates of the SNCB-Holding directors have a 6-year term.

Provision 4.7 stipulates that the chairman is appointed by the Board; article 162 bis §5 on the other hand stipulates that the chairman shall be appointed by the King.

SNCB-HOLDING: COMPOSITION OF THE MANAGEMENT AND CONTROL BODIES IN 2011

Board of Directors

Chairman: Jean-Claude FONTINOY

CEO: Jannie HAEK

Directors: Eddy BRUYNINCKX, Catherine GERNAY, Luc JORIS, Paul MATTHYS, Lieve SCHUERMANS, Magali VERDONCK, Marianne VERGEYLE, Melchior WATHELET

Executive Committee

Chairman: Jannie HAEK

Executive Officers: Michel ALLE (Finance), Vincent BOURLARD (Stations), Alex Migom (to 31 August 2011), Michel BOVY (from 1 September 2011) (Strategy & Coordination), Tony VAN DEN BERGHEN (to 30 September 2011), Sven AUDENAERT (from 1 October 2011) (Human Resources)

Audit Committee

The composition of the Audit Committee is such that it comprises the multiple skills required for a public company of the size of SNCB-Holding. The Chairman has extensive skills in accountancy and auditing (Degree in Management Sciences and Masters in Accountancy, statutory auditor, deputy auditor to the Court of Accounts, Budget Ministry responsibilities, finance inspector). The other members have, in particular, experience in high-level business management, experience as directors of public or private companies, professional and academic experience in company law and European law.

Chairman: Lieve SCHUERMANS

Members: Eddy BRUYNINCKX, Catherine GERNAY, Melchior WATHELET

Appointments and Remuneration Committee

Chairman: Jean-Claude FONTINOY

Members: Jannie HAEK, Luc JORIS, Marianne VERGEYLE

Strategic Committee

Chairman: Jannie HAEK

Members: The other 9 directors. The 4 Executive Officers. Representatives of union bodies: Michel Abdissi, Dominique Dalne, Jean-Pierre Goossens, Luc Piens, Serge Piteljon, Marcel Vertongen

Steering Committee

Chairman: Jannie HAEK

Members: Marc Descheemaecker, Luc Lallemand, Marc Van Laethem, Gerard Gelmini (to 30 September 2011), Michel Abdissi (from 1 October 2011), Jos Digneffe

National Joint Commission

Chairman: Jean-Claude FONTINOY

SNCB Group Delegation: Jannie HAEK, Michel ALLE, Alex MIGOM (tot 31 augustus 2011), Michel BOVY (vanaf 1 september 2011), Tony VAN DEN BERGHEN (tot 30 september 2011), Sven AUDENAERT (vanaf 1 oktober 2011), Luc LALLEMAND, Jean-Marie RAVIART (tot 30 september 2011), M. Luc VANSTEENKISTE (vanaf 1 oktober 2011), Eddy CLEMENT, Marc DESCHEEMAECKER, Sabin S'HEEREN, Richard GAYETOT

Trade union delegates: Jean-Pierre Goossens, Michel Abdissi (to 30 September 2011), Pierre Lejeune (from 1 October 2011), Serge Piteljon, Rudy Verleysen, Michel Praillet, Claude Deschaepmeester, Marnix Verstichel, Luc Piens, Dominique Dalne, Gerard Husson

Government Auditor

Marc BOEYKENS

Board of Auditors for inspection of the statutory accounts

Chairman: Ignace DESOMER

Members: Michel De Fays, Michel De Saive (to 31 May 2011), Eric Clinck (to 31 May 2011), Ria Verheyen (from 1 June 2011), Philippe Gossart (from 1 June 2011)

Auditors for inspection of the consolidated accounts of the SNCB-Holding - Infrabel consortium

To the General Meeting on 31 May 2011: Mr Michel De Saive and Mr Eric Clinck on behalf of KPMG réviseurs d'entreprises S.c.C.R.L.

From the General Meeting on 31 May 2011: Ms Ria Verheyen on behalf of PKF bedrijfsrevisoren S.c.C.R.L. and Mr Philippe Gossart on behalf of Mazars réviseurs d'entreprises S.c.C.R.L.

Luc Joris - Marc Boeykens - Lieve Schuermans - Melchior Wathelet
Paul Matthys - Jannie Haek - Jean-Claude Fontinoy - Magali Verdonck - Marianne Vergeyle - Eddy Bruyninck - Catherine Gernay

BOARD OF DIRECTORS

Composition

The Board is made up of 10 members, including the CEO. At least one third of the members must be of the opposite sex (Article 162 bis § 1 of the Law of 21 March 1991). Linguistic parity is observed.

The King, by decree debated in the Council of Ministers, appoints a number of directors in proportion to the voting rights attached to the shares held by the State (article 162 bis § 2 paragraph 1 of the Law of 21 March 1991). All the directors were appointed by the King.

Expiry of mandates

J.-C. FONTINOY (Chairman)	21.11.2010
E. BRUYNINCK	21.11.2010
L. SCHUERMANS	21.11.2010
M. VERDONCK	21.11.2010
M. VERGEYLE	21.11.2010
M. WATHELET	21.11.2010
J. HAEK (CEO)	31.01.2011
C. GERNAY	31.01.2011
L. JORIS	16.06.2015
P. MATTHYS	16.06.2015

As the Government was dealing with routine business, no decree of appointment has been signed by the King. The directors whose mandate has expired are obliged to remain in position temporarily on the basis of the principle of continuity of public service.

Functioning

Frequency of meetings

Under Article 10 of the Articles of Association, the Board meets as often as is required by the interests of the Company, and at least four times a year.

During 2011, the Board met 15 times.

In exceptional cases, duly justified by urgency and social interest (except in cases excluded by law), decisions of the Board of Directors can be taken by unanimous consent of the Directors, expressed in writing.

This procedure was used once in 2011.

Powers

The Board of Directors can carry out all actions necessary or useful for the fulfilment of the public company's corporate object.

The Board controls the management provided by the Executive Committee. The Executive Committee reports regularly to the Board.

The Board, or its Chairman, without prejudice to the powers granted to it/him under article 18 §5 (of the Law of 21 March 1991) can, at any time, request the Executive Committee to provide a report on the Company's activities or certain of them.

In 2011, in addition to ongoing matters, the Board of Directors made resolutions and monitored a certain number of major items of business:

- monitoring the restructuring of B-Cargo: the creation of SNCB Logistics, monitoring its financial situation, monitoring the reporting and social cooperation regarding the Cargo file;
- monitoring the SNCB Group's financial situation, savings plan and the Boston Consulting Group report update;
- monitoring the impact for SNCB-Holding of the credit crunch and the financial markets situation as well as changes in SNCB-Holding's rating;
- overview of the financing/refinancing to be provided in 2011 and 2012;
- the appointment of 2 executive officers and extension of the mandate of the CFO;
- establishment of the 2013-2025 investments plan;
- renewal of hospitalisation insurance for current and former employees;
- updating the SNCB-Holding environmental policy plan;
- monitoring the achievements relating to the H2R project;
- monitoring changes in the SNCB Group workforce.

AUDIT COMMITTEE

Functioning

Frequency of meetings

The Committee meets at regular intervals. The Chairman of the Committee can convene special meetings to enable the Committee to properly fulfil its remit. Directors who are not members of the Audit Committee can, if they wish, attend meetings, and if so, they receive the corresponding attendance tokens.

During 2011, the Board met 13 times.

Powers

The Audit Committee carries out the tasks entrusted to it by the Board of Directors. In addition, it assists the Board of Directors by examining financial reports, in particular the annual accounts, the management report and intermediate reports. It also ensures the reliability and integrity of the financial reports with regard to risk management.

The main topics dealt with by the Audit Committee in 2011 covered:

- analysing the changes in the SNCB Group's financial situation, monitoring the savings plan and the Boston Consulting Group report update;
- monitoring the restructuring of B-Cargo: the creation of SNCB Logistics, monitoring its financial situation, monitoring the reporting and social cooperation regarding the Cargo file;
- monitoring the recommendations made by Internal Audit and the action plans agreed between it and the operational management;
- the Internal Audit 2012 activities programme, in particular the audit tasks to be carried out;
- the SNCB-Holding operating budget for 2012;
- monitoring the Mind³ (Enterprise Resource Planning) project;
- monitoring the impact for SNCB-Holding of the credit crunch and the financial markets situation;
- overview of the financing/refinancing to be provided in 2011 and 2012;
- monitoring SNCB-Holding's rating;
- management and control of SNCB-Holding's tenders/contracts: study and proposals for improving procedures and internal control regarding public contracts, PricewaterhouseCoopers report;
- monitoring the subsidiaries.

APPOINTMENTS AND REMUNERATION COMMITTEE

The existence of the Appointments and Remuneration Committee is required by Article 161 ter of the Law of 21 March 1991.

Functioning

Frequency of meetings

The Committee meets as often as required in the interests of the Company.

In 2011, the Appointments and Remuneration Committee met 11 times.

Powers

The Committee advises on applications proposed by the CEO with a view to the appointment of members of the Executive Committee.

It makes proposals to the Board on the remuneration and benefits granted to Executive Committee members and senior executives and monitors these issues on an ongoing basis.

It also carries out the tasks entrusted to it by the Board of Directors.

STRATEGIC COMMITTEE

This Committee was set up by the Law of 22 March 2002 modifying the Law of 21 March 1991 (Article 161 ter §§ 1, 5, 5 bis, 6 and 7 of the Law of 21 March 1991). The Committee was installed on 20 December 2002.

Functioning

Frequency of meetings

The Committee meets whenever decisions have to be taken by the Board on strategic matters for which the prior opinion of the Committee is required, and whenever the management contract needs to be discussed.

In 2011, the Strategic Committee met 8 times.

Powers

Without prejudice to the powers granted to the Board and the Executive Committee, the Strategic Committee is empowered:

Vincent BOURLARD - Michel ALLE - Michel BOVY - Sven AUDENAERT - Jannie HAEK

EXECUTIVE COMMITTEE

The CEO is appointed by the King, by Royal Decree ruled on in the Cabinet, and has a renewable 6-year term of office (article 162 quater of the Law of 21 March 1991).

The Board of Directors appoints the members of the Executive Committee at the proposal of the CEO and after hearing the opinion of the Appointments and Remuneration Committee (article 162 quater of the Law of 21 March 1991).

All the members of the Executive Committee perform full functions within SNCB-Holding or represent it (Article 162 quater of the Law of 21 March 1991).

- to give its opinion before the company's management contract is entered into and to monitor the performance of this management contract,
- to give its opinion prior to Board resolutions regarding any measures capable of influencing medium- and long-term employment,
- to give its opinion prior to Board resolutions regarding the company's general strategy, its subsidiaries, merger and acquisition processes, general personnel and investment policy, the business plan, changes in finances and annual budgets, and defence of the competitive position provided that such resolutions have a long-term impact.

The Strategic Committee was consulted on the following:

- the SNCB-Holding annual accounts and the consolidated annual accounts for 2010;
- the 2011 quarterly accounts;
- the amendment of the 2011 investment budget;
- the SNCB-Holding investment budget for 2012;
- the SNCB-Holding operating budget for 2012.

Changes in 2011

The mandate of Mr Haek, CEO, expired on 31 January 2011. As the Government was dealing with routine business, no decree of appointment has been signed by the King; Mr Haek is, however, obliged to remain in position temporarily on the basis of the principle of continuity of public service.

In view of the retirement of Mr Alex Migom, Chief Strategy & Coordination Officer, on 1 September 2011 and Mr Tony Van Den Berghen, Chief Human Resources Officer, on 1 October 2011, the Board of Directors meeting held on 26 August 2011 appointed Mr Michel Bovy as Chief Strategy & Coordination Officer for a 6-year term as from 1 September 2011, and Mr Sven Audenaert as Chief Human Resources Officer for a 6-year term as from 1 October 2011.

The Board of Directors meeting held on 29 October 2010 renewed the mandate of Mr Vincent Bourlard, Chief Stations Officer, as from 1 January 2011.

The Board of Directors meeting held on 30 September 2011 renewed the mandate of Mr Michel Alle, Chief Financial Officer, as from 1 October 2011.

Functioning

Frequency of meetings

Meetings of the Executive Committee are held in principle every week, normally on Mondays.

In 2011, the Executive Committee met 50 times.

Powers

The Executive Committee is responsible for the day-to-day management and the representation with regard to such management, and the implementation of resolutions of the Board of Directors.

The members of the Executive Committee form a board. They can share out tasks.

STEERING COMMITTEE

The Steering Committee was set up in SNCB by the General Meeting of 28 May 2004. This is a statutory body with powers to assist in the development of the new structures, business plans and operational management issues.

Frequency of meetings

The Committee meets at least once a month. It can be convened by any member or by the SNCB-Holding Executive Committee. The latter or any member can add items to the agenda (Article 25 of the Articles of Association).

In 2011, the Steering Committee met 13 times.

Topics handled

The main topics dealt with by the Steering Committee in 2011 covered:

- the regulation of traffic in 2020 to Infrabel;
- the BeLEAN project at SNCB Technics workshops;
- cleaning at stations;
- monitoring the restructuring of goods activities;
- evaluating the 2008-2010 social protocol agreement;
- monitoring rail traffic punctuality;
- the SNCB Group's financial situation;
- the problem of strikes;
- discussion on issues connected with HR aspects; personnel changes, recruitment, hospitalisation insurance, etc.

NATIONAL JOINT COMMISSION

Topics handled

- Restructuring of the "Goods" sector;
- Career-end management measure – Statutory personnel;
- Appointment of auditors;
- PPT (prevention and protection in the workplace) structure;
- Special statutory recruitment procedure for non-university student trainees;
- Utilisation of personnel seconded to B-Freight Services (B-FS) after 1 February 2011;
- Rapid intervention in the event of disruptions to technical facilities in management office buildings;
- Filling of university and similar jobs – aptitude tests;
- Increase in basic hourly rates for productivity bonuses;
- Payment of compensatory leave arrears for the logistical personnel responsible for Infrabel traffic management;
- Passage of operators and signallers from 1st class to "signalling" electromechanical engineer grade;
- Hospitalisation insurance.

There were 7 meetings of the National Joint Commission held in 2011.

THE 3 CEOs COMMITTEE

The 3 CEOs Committee is the body formed by the CEOs of the three companies and chaired by the CEO of SNCB-Holding. In particular, it prepares the meetings of the Steering Committee and coordinates projects affecting the Group as a whole.
The 3 CEOs Committee met 12 times.

GOVERNMENT AUDITOR

Article 162 nonies of the Law of 21 March 1991 states: "SNCB-Holding shall be subject to the controlling power of the Minister whose portfolio includes the railways. This control is exercised at the request of a Government Commissioner, who may be appointed and revoked by the King at the proposal of the Minister concerned." The Commissioner is invited to all the meetings of the Board of Directors, the Executive Committee, and the Strategic Committee, and attends in an advisory capacity. In addition, he attends meetings of the Audit Committee in an advisory capacity.

BOARD OF AUDITORS

Article 25 §1 of the Law of 21 March 1991 states: "Auditing of the financial situation, annual accounts, and compliance with the Law and the organic statute of the operations to be shown in the annual accounts shall be entrusted, in each independent public enterprise, to a Board of Auditors."

The Board is made up of four members, two of whom are appointed by the Audit Authority from its own members, and the other two by the General Meeting from members of the Institut des Réviseurs d'Entreprises [Institute of Company Auditors].

The SNCB-Holding General Meeting held on 31 May 2011 appointed PKF Bedrijfsrevisoren ScCRL and Mazars Réviseurs d'entreprises ScCRL for a period of three years, renewable once for three years. Mazars is represented by Mr Philippe Gossart and PKF by Ms Ria Verheyen.

REMUNERATION REPORT

Remuneration of members of the Board of Directors

Article 162 quinquies §2 of the Law of 21 March 1991 on the reform of certain economic public enterprises stipulates that the General Meeting shall determine the remuneration of the members of the Board of Directors.

The General Meeting held on 31 May 2006 fixed the principles, set out below, for determining the remuneration of Directors with the exception of the CEO who does not receive any remuneration or attendance tokens as a member of the Board of Directors and Committees.

The calculation of directors' remuneration did not change in 2011.

The gross remuneration of the Chairman is made up of a fixed annual part which amounts to €39,200, and a variable part consisting of attendance tokens for meetings. These tokens are:
- € 500 per Board meeting;
- € 400 per Committee meeting in which he participates.

In addition, he receives annual compensation for overhead expenses of €2,400 and is provided with a company car.

The gross payment to the other Directors is made up of a fixed annual part which amounts to €13,600 and a variable part consisting of attendance tokens for meetings. These tokens are:
- € 500 per Board meeting;
- € 400 per meeting of other Committees.

In addition, they receive annual compensation for overhead expenses of €1,200.

Attendance at meetings is a necessary requirement for obtaining attendance tokens.

Directors do not receive any remuneration based on results such as long-term incentive plans or bonuses, or any benefits in kind, or benefits connected with pension plans.

Changes to the remuneration of non-executive members of the Board of Directors are not envisaged.

Name	Attendance at SNCB-Holding Board and Committee meetings				Directors' gross remuneration (excluding compensation for overhead expenses)	
	Board (total 15)	Audit Committee (total 13)	Appts. and Rem. C. (total 11)	Strategic Committee (total 8)	SNCB-Holding Board and Committees (€)	Mandates in other Group companies (€)
J-C. FONTINOY	15	13	11	8	58.300,04	14.700 (1)
E. BRUYNINCKX	12	11	-	7	25.999,96	-
P. MATTHYS	15	-	-	8	26.299,96	8.550 (4)
L. JORIS	15	-	11	8	30.299,96	600 (2)
C. GERNAY	14	13	-	7	27.799,96	400 (2)
L. SCHUERMANS	15	13	-	8	21.500,04	19.700 (3)
M. VERDONCK	14	-	-	7	22.999,96	-
M. VERGEYLE	13	-	10	7	26.099,96	-
M. WATHELET	15	10	-	8	27.099,96	13.458,37 (5)

(1) Director of SNCB and Chairman of Eurogare
(2) Director of Eurogare
(3) Director of SNCB and Eurogare
(4) Director of SNCB Logistics
(5) Director of Eurogare and Chairman of SNCB Logistics

Remuneration of members of the Executive Committee

The procedure followed for fixing the remuneration of members of the Executive Committee complies with article 161 ter, §4, sub-para 2 of the Law of 21 March 1991 on the reform of certain economic public enterprises:

"The Board of Directors shall determine, on the proposal of the Appointments and Remuneration Committee, the remuneration and benefits granted to members of the Executive Committee and senior managers. It shall monitor these matters continuously."

On the proposal of the Appointments and Remuneration Committee, the Board approved, on 28 January and 4 February 2005, the administrative and monetary situation of the executive officers and CEO of SNCB-Holding.

Remuneration of the CEO

The system of remuneration consists of:

1. a fixed part, namely:

- the basic salary;
- the management allocation granted monthly;
- payment for the office: monthly fixed sum;
- allocation for the office: 0 to 100% of the basic annual salary. The percentage granted is determined at the start of the mandate by the Appointments and Remuneration Committee, taking into account the degree of difficulty and social complexity of the office held.

2. management bonus: variable according to an assessment coefficient of 0 to 3. An annual assessment is carried out by the Appointments and Remuneration Committee. The Appointments and Remuneration Committee meeting held on 29 April 2011 defined 13 criteria for fixing the CEO's management bonuses. Six of these criteria are assessed at SNCB Group level, namely stabilisation of debt, growth in passenger traffic, general customer satisfaction, hiring of personnel, accidents at work and punctuality of trains. Seven criteria are assessed depending on SNCB-Holding's results, namely customer satisfaction with regard to facilities, service and cleanliness of stations, safety in stations and trains, operating cash flow, changes in net indebtedness, performance of the investment budget, length of the external recruitment process and specific targets assigned to the CEO.

There is a double balancing between, on the one hand, the Group criteria (40%) and the SNCB-Holding criteria (60%) and, on the other hand, between the financial criteria (30%) and the qualitative criteria (70%).

The remuneration does not include any provisions relating to the company's right to reclaim any variable remuneration granted on the basis of incorrect financial information.

The holiday allowance, annual bonus and any other entitlements and expenses are determined in accordance with the applicable regulations. The CEO receives no remuneration or attendance tokens as a member of the Board of Directors and Committees. He receives no remuneration for his mandates in the subsidiaries. He does not benefit from group insurance.

The CEO receives no remuneration in the form of shares, share options or other rights to acquire shares.

The total gross remuneration, including benefits in kind (company car), paid in 2011 to the CEO, amounts to €496,963.07. The management bonus for 2010 is included in this amount. The bonus for services for 2011 will only be determined in 2012, and is therefore not included in this amount.

The management bonus (included in the above amount) paid in 2011 amounts to €97,338.25.

Severance compensation

If the employment contract is terminated for reasons other than emergency reasons, Mr Haek is entitled to compensation corresponding to his total remuneration and compensation for 18 months.

Remuneration of Chief Officers

The system of remuneration consists of:

1. a fixed part, namely:

- the basic salary;
- the management allocation granted monthly;
- payment for the office: monthly fixed sum.
- allocation for the office: 0 to 100% of the basic annual salary. The percentage granted is determined at the start of the mandate by the Appointments and Remuneration Committee at the proposal of the CEO, taking into account the degree of difficulty and social complexity of the office held.

2. management bonus: variable according to an assessment coefficient of 0 to 3. An annual assessment is carried out by the CEO and submitted to the Appointments and Remuneration Committee. The assessment is based on 50% for joint criteria related to the stabilisation of debt, growth in passenger traffic, general customer satisfaction, staff commitment, accidents at work, train punctuality, customer satisfaction regarding the facilities, service and cleanliness of stations, safety in stations and trains, the length of the external recruitment process, the operating cash flow, changes in net indebtedness, performance of the investment budget and, as to the other 50%, on the achievement of individual targets fixed in advance.

The remuneration system does not include any provisions relating to the company's right to claim any variable remuneration granted on the basis of incorrect financial information.

The variable part represents, on average, approximately 20% of the remuneration.

The holiday allowance, annual bonus and any other entitlements and expenses are determined in accordance with the applicable regulations. Contracted personnel benefit from group insurance and hospitalisation insurance.

The gross total, including benefits in kind (company car), paid in 2011 to members of the Executive Committee other than the CEO, amounts to €1,351,429.13. Bonuses for 2010 are included in this amount. Bonuses for services for 2011 will only be determined in 2012, and are therefore not included in this amount.

The management bonus (included in the above amount) paid in 2011 amounts in total to €262,721.12.

Insurance: for non-statutory Executive Officers, €71,151.11 of bonuses were paid in 2011 for group-insurance and healthcare and accidents at work insurance.

Members of the Executive Committee receive no remuneration in the form of shares, share options or other rights to acquire shares.

Mr Migom and Mr Van Den Berghen, who retired in 2011, are not entitled to any severance compensation.

Severance arrangements for members of the Executive Committee

If his employment contract is terminated, Mr Alle is entitled to an amount equal to:

- 17 months' remuneration if the contract is terminated during the first year of the mandate;
- 14 months' remuneration if the contract is terminated during the second year of the mandate;
- 11 months' remuneration if the contract is terminated during the third year of the mandate;
- 8 months' remuneration if the contract is terminated during the fourth or subsequent years of the mandate.

For the three other members of the Executive Committee, Mr Audenaert, Mr Bourlard and Mr Bovy, if the mandate of executive officer is terminated for other than serious grounds, they will continue to be occupied in the grade of chief officer until the expiration set out in their mandate, with continuation of salary.

In view of the SNCB Group restructuring announced by the Minister responsible and the initiative he intends to take with regard to the remunerations of senior executives of public companies, SNCB-Holding does not envisage making any changes for the time being to the remuneration of members of the Executive Committee.

Mandates in subsidiaries and participation companies

The Board Meeting held on 25 February 2005 resolved that the positions of director held in subsidiaries by members of SNCB Group personnel would not be remunerated.

INTERNAL AUDIT AND CONTROLLING RISK

The aim of Internal Audit is to help the Management Bodies and the Management to achieve their objectives by virtue of better risk control.

To do this, it performs three groups of complementary activities:

- the internal audit itself: provision of and advice on the assessment of risk management, control and corporate governance processes;
- centralised control of tenders/contracts: verification of their conformity with regard to legal provisions, delegation and sub-delegation of powers, the needs of the business and the resolutions of its Management Bodies;
- administrative inquiries in (suspected) cases of fraud, theft or other events capable of damaging the company's financial, commercial or moral interests.

Internal Audit (H-AI) performs the above activities for the four SNCB Group Companies (SNCB-Holding, SNCB, SNCB Logistics and Infrabel) and their respective subsidiaries, in respect of their management autonomy and the objectives fixed by their Management Bodies. However, the "essential functions" of the infrastructure manager and its security management system are excluded from its sphere of operation.

Internal audits are carried out according to an annual programme approved by the Audit Committees. Audits carried out under the 2011 programme relating to SNCB-Holding entail in particular:

- real-time information to national passengers in situations of disruption;
- "fire" prevention and detection in SNCB Group facilities;
- obligations and responsibilities of the hierarchical line in the observance of legislation relating to the well-being of workers in the performance of their work;
- reclassification of personnel declared unsuitable for their normal jobs;
- management of investments in stations and car parks within the SNCB Group;
- management and current maintenance of SNCB-Holding stations and car parks;
- self-inspection of the food chain in company restaurants;
- management of IT security;
- administrative organisation and internal control in the "Treasury" department;
- observance of the provisions of the SNCB Group financial policy.

In 2011 Internal Audit also undertook an update of the SNCB-Holding financial and operational risks charts. These charts will allow Internal Audit to better target its activities, and Management to better assess the relevance of its internal inspections and, if necessary, to adapt any of them.

In accordance with the decisions of the Board of Directors, Internal Audit carried out a compliance inspection (on the needs, legal provisions, delegation and subdelegation of powers, the resolutions of its Management Bodies, etc.) of tender/contract dossiers. This inspection, prior to the decision, takes place at different phases of the procedure (award, allocation, extension, additional expenses) for all instances of expenditure in excess of:

- 750,000 EUR for works contracts
- 250,000 EUR for supplies and services contracts
- 75,000 EUR for works contracts, 25,000 EUR for supplies and services contracts and 25% of the initial amount, in the case of additional expenses.

For each file examined, an inspection report is produced which is sent to the decision-making authority and in which Internal Audit records its findings and any recommendations. For dossiers which are not subject to inspection prior to a resolution and are therefore for amounts less than those mentioned above, Internal Audit carries out inspections based on random sampling. In 2011, it examined 239 SNCB-Holding files out of a total of 812 for the SNCB Group as a whole.

With a view to providing the most exhaustive information possible on tenders/contracts, Internal Audit provides a section on its website entitled "Legislation, regulations and documentation for tenders/contracts" which has been accessible since early 2010 to employees of SNCB Group companies. It also actively participates in training courses on legislation relating to public tenders, given to the SNCB Group concerned, which are included in the Train@Rail courses.

In order to develop its fraud prevention activities, Internal Audit compiled a set of charts in 2011 showing the risks of fraud within SNCB-Holding.