
Consolidated accounts

INTRODUCTION

Considering the significance of the turnover and the capital and reserves of DISTRIGAS S.A. in the consolidated accounts, a detailed presentation of the company accounts and the related comments in this report would duplicate the explanations given in the consolidated accounts.

In accordance with the provisions of article 105 of the Code des Sociétés, it has therefore been decided to limit the presentation to a short version of the company accounts of DISTRIGAS s.a.

The Statutory Auditor has approved the company accounts of DISTRIGAS s.a. without qualification.

These documents have been filed with the National Bank of Belgium.

They are available on request at the following address:

DISTRIGAS s.a.
Corporate & Marketing Communication
10, rue de l'Industrie
B-1000 Brussels



Summary of consolidated balance sheet

on 31 December 2004

ASSETS (in million euro)	2004	2003	Difference
Fixed assets	150.74	145.55	5.19
Long-term receivables	120.60	134.00	-13.40
Inventories	87.26	107.52	-20.26
Short-term receivables	591.61	528.69	62.92
Cash and Cash equivalents	665.21	616.79	48.42
Deferred charges and accrued income	13.78	14.80	-1.02
TOTAL	1,629.20	1,547.35	81.85

LIABILITIES (in million euro)	2004	2003	Difference
Capital and reserves	432.26	334.89	97.37
Minority interests	11.46	11.34	0.12
Provisions	167.50	166.47	1.03
Long-term payables	76.12	85.36	-9.24
Short-term payables	840.73	813.55	27.18
Deferred charges and accrued income	101.13	135.74	-34.61
TOTAL	1,629.20	1,547.35	81.85

INCOME STATEMENT (in million euro)

	2004	2003	Difference
Operating results			
Income	3,733.10	3,882.50	-149.40
Charges	3,441.89	3,574.04	-132.15
	291.21	308.46	-17.25
Financial results			
Income	38.13	25.45	12.68
Charges	25.90	14.86	11.04
	12.23	10.59	1.64
Extraordinary results			
Income	0.00	0.00	0.00
Charges	0.17	0.11	0.06
	-0.17	-0.11	-0.06
Consolidated gross profit	303.27	318.94	-15.67
Income taxes	-98.49	-102.63	4.14
Profit of consolidated companies	204.78	216.31	-11.53
Results of companies accounted for by equity method	2.06	2.06	0.00
Consolidated profit	206.84	218.37	-11.53
Minority interest share	2.67	2.70	-0.03
Share of the group	204.17	215.67	-11.50



COMMENTS ON THE ASSETS (in thousand euro)

1. Intangible (31) and tangible (91,037) fixed assets

The intangible fixed assets only include the software accounted for by Distrigas s.a., whose book value on 31/12/2004 was 31.

The tangible fixed assets include those accounted for by Distrigas s.a. (with a book value of 2,120), to which are added those accounted for by Distrigas & C° (30,595) and by Finpipe G.I.E. (58,322).

During the financial year, the group carried out **investments** of 982 in tangible fixed assets (Distrigas & C°) for the "Berge Boston" methane carrier which went into operation in January 2003.

Depreciation and amortisation for the financial year amounted to 15,471, made up as follows: 438 for Distrigas, 5,752 for Finpipe and 9,281 for Distrigas & C°.

The acquisition values on 31 December 2004 therefore amounted to 218,986, while the sinking fund entries amounted to 127,918.

2. Financial fixed assets (59,670)

This item includes an amount of 50,929, representing the stakes held by Distrigas (DS) and Distrigas & C° (DS & C°) in the following non-consolidated companies: IZT s.a. (DS), Interconnector (UK) - DS, Gazelec & C° s.c.s. - DS, Gazelec s.c.r.l. - DS, Rhodigas s.a.s. - DS and Huberator s.a. - DS&C°; it also includes the following companies accounted for by the equity method: ETAC B.V. - DS and Distri Re - DS. Finally, it includes a deposit of 8,741 for VAT on imports.

The **variation of 19,732** compared with the situation on 31/12/2003 mainly corresponds to the acquisition by Distrigas of an additional 4% in the capital of Interconnector.

3. Inventories and work in progress (87,260)

This heading, accounted for by Distrigas s.a., mainly comprises the book value of the inventory of natural gas (87,042).

The book value of the **inventory of natural gas** has **decreased** by 20,119 compared with the situation on 31 December 2003, due to the slight decrease in the quantities held in stock which however has been reinforced to a certain extent by the decrease of the average unit price of the inventory.

In accordance with the accounting principles, the book value of the inventory has been adjusted on the basis of the aver-

age market price for the month of December 2004 (ZIG, Dow Jones Zeebrugge Index for Natural Gas), which has led to a **write-back of the write-down of 207 entered on 31 December 2003**.

4. Long-term receivables (120,596)

This item comprises the amounts receivable after one year accounted for by Finpipe G.I.E.

5. Short-term receivables (591,620)

The **trade receivables** mainly comprise the amounts owed by the group's customers for gas supplies and other services, totalling 570,528.

The increase in trade receivables, principally those held by Distrigas s.a., is mainly due to the rise in volumes sold as at December 2004 compared with December 2003.

As for the **other receivables**, this mainly comprises the Belgian and foreign taxes and levies to be recovered.

6. Cash (664,401) and Cash equivalents (806)

To the cash equivalents of Distrigas (489,493) are added those of Distrigas & C° (173,709), Finpipe (1,130) and Transfin (69).

These are mainly amounts placed in short term deposit accounts at market conditions.

The increase of 49,355 compared to the situation on 31/12/2003 mainly results from changes in the operating treasury.

7. Deferred charges and accrued income (13,782)

This item mostly comprises costs invoiced but not yet due, amounting to 9,962, together with accrued income of 653 accounted for by Distrigas s.a.

To these amounts is added 3,167 for costs not yet due, accounted for by Distrigas & C°.

ASSETS (in thousand euro)	31/12/2004	31/12/2003	Difference
FIXED ASSETS	150,738	145,549	5,189
I. Formation expenses	0	0	0
II. Intangible assets	31	45	-14
III. Positive consolidation differences	0	0	0
IV. Tangible assets	91,037	105,566	-14,529
A. Land, buildings and homes	470	516	-46
B. Plant machinery	90,567	105,050	-14,483
C. Furniture, vehicles and equipment	0	0	0
D. Leasing and other similar rights	0	0	0
E. Other tangible assets	0	0	0
F. Assets under construction and advance payments	0	0	0
V. Financial assets	59,670	39,938	19,732
A. Enterprises accounted for using the equity method	7,149	6,633	516
1. Participating interests	7,149	6,633	516
B. Other enterprises	52,521	33,305	19,216
1. Investments and shares	43,780	22,702	21,078
2. Receivables	8,741	10,603	-1,862
CURRENT ASSETS	1,478,465	1,401,804	76,661
VI. Long-term receivables	120,596	133,995	-13,399
A. Trade debtors	120,596	133,995	-13,399
B. Other receivables	0	0	0
VII. Inventory and work in progress	87,260	107,521	-20,261
A. Inventory	87,260	107,521	-20,261
1. Raw materials and consumables	215	355	-140
4. Goods purchased for resale	87,045	107,166	-20,121
6. Advance payments	0	0	0
B. WIP (work in progress)	0	0	0
VIII. Short-term receivables	591,620	528,689	62,931
A. Trade debtors	587,881	483,426	104,455
B. Other receivables	3,739	45,263	-41,524
IX. Cash equivalents	664,401	615,046	49,355
B. Other investments	664,401	615,046	49,355
X. Cash at bank and in hand	806	1,749	-943
XI. Deferred charges and accrued income	13,782	14,804	-1,022
	1,629,203	1,547,353	81,850



COMMENTS ON THE LIABILITIES (in thousand euro)

1. Capital and reserves (432,258)

The group capital and reserves amount to 432,258 in 2004, or 204,754 more than the consolidating company.

This 204,754 corresponds to the consolidation reserve, with 43 coming from Transfin, 200,595 from Distrigas & C° and 4,115 from ETAC.

The consolidation reserve has increased by 97,366 compared with the situation on 31/12/2003, mostly due to the profit carried forward by Distrigas & C° but also due to the appropriation of the result by Distrigas s.a. (see item 2).

2. Consolidated reserves (364,494)

The total consolidated reserves amount to 267,128 on 31/12/2004. This is a rise of 97,366 compared to 31/12/2003.

These amounts may be broken down as follows:

LEGAL ENTITY	2004	2003	Difference
DISTRIGAS	159,740	124,659	+35,081
TRANSFIN	43	50	-7
DISTRIGAS & C°	200,596	138,299	+62,297
ETAC	4,115	4,120	-5
TOTAL	364,494	267,128	+97,366

3. Minority interests (11,463)

This item represents the minority interests in Finpipe (11,066), in Transfin (3) and in Distrigas & C° (394) against 11,066.3 and 272 respectively at 31/12/2003.

4. Provision for liabilities and charges (167,499)

Mainly provisions entered on the liabilities side of Distrigas s.a.'s balance sheet.

These provisions were set aside to allow for the risks associated with carrying out contracts and orders.

The determined difference in this item, compared to 31/12/2003, amounts to + 1,025.

5. Long-term payables (76,120)

This item comprises the financial amounts payable within one year by Distrigas s.a. (9,485) and the subsidiary FINPIPE G.I.E. (66,635).

On 31/12/2003 this heading amounts to 85,356.

6. Financial debts (91,995)

This item mainly represents the leasing of Finpipe against its loaners for the amount of 91,995. This is a decrease of 12,652 compared to 31/12/2003.

7. Trade debts (514,195)

This item mainly represents invoices received or to be received for the supply of gas booked in Distrigas s.a. (511,258), a decrease of 8,485 compared to 31/12/2003.

8. Other payables (146,031)

This heading fully comprises the amounts booked in the accounts of Distrigas s.a.

The difference of 27,513 compared to 31/12/2003 is mainly due to the acquisition of an additional 4% participation in Interconnector (UK) LTD.

9. Accrued charges and deferred income (101,135)

This item mainly comprises amounts booked in Distrigas s.a.

LIABILITIES (in thousand euro)	31/12/2004	31/12/2003	Difference
CAPITAL AND RESERVES	432,258	334,892	97,366
I. Capital	66,228	66,228	0
II. Share premium account	42	42	0
III. Revaluation surpluses	1,494	1,494	0
IV. Consolidated reserves	364,494	267,128	97,366
V. Negative consolidation differences	0	0	0
VI. Translation differences	0	0	0
VII. Capital subsidies	0	0	0
MINORITY INTERESTS	11,463	11,341	122
VIII. Minority interests	11,463	11,341	122
PROVISIONS AND DEFERRED CHARGES	167,499	166,474	1,025
IX. A. Provisions for liabilities and charges	167,499	166,474	1,025
3. Major repairs and maintenance	0	0	0
4. Other liabilities and charges	167,499	166,474	1,025
CREDITORS	1,017,983	1,034,646	-16,663
X. Long-term payables	76,120	85,356	-9,236
A. Financial debts	76,120	85,356	-9,236
3. Leasing and other similar obligations	0	0	0
4. Credit institutions	36,754	40,166	-3,412
5. Other loans	39,366	45,190	-5,824
C. Advances received on work in progress	0	0	0
XI. Short-term payables	840,728	813,554	27,174
A. Current portion of payables	9,232	9,232	0
B. Financial debts	91,995	104,647	-12,652
1. Credit institutions	0	0	0
2. Other loans	91,995	104,647	-12,652
C. Trade debts	514,195	530,985	-16,790
1. Suppliers	514,195	530,985	-16,790
E. Taxes, remuneration and social security	79,275	50,172	29,103
1. Taxes	77,716	48,354	29,362
2. Remuneration and social security	1,559	1,818	-259
F. Other payables	146,031	118,518	27,513
XII. Accrued charges and deferred income	101,135	135,736	-34,601
	1,629,203	1,547,353	81,850



Consolidated income statement

on 31 December 2004

COMMENTS ON THE RESULTS

(in thousand euro)

1. Turnover (3,733,102)

See comments in annual report "Summary of the consolidated income statement".

2. Raw materials, consumable and goods for resale (3,325,268)

This heading also includes all the amounts recorded in the Distrigas s.a. accounts, which have decreased due to elimination of 28,167 in charges that cancel one another out.

This item represents the purchase of natural gas and the charges in connection with third party access (209,967), storage (36,640) and the LNG terminal in Zeebrugge (49,399), invoiced by Fluxys and Fluxys LNG, and also the transportation and storage charges abroad (18,725).

3. Services and different goods (86,977)

This heading mainly includes miscellaneous goods and services after elimination of 283 in charges that cancel one another out.

The majority of the miscellaneous goods and services accounted for by Distrigas & C° include amounts charged to third parties for access to the transport network (50,707)

The amounts supported in 2004 by Distrigas S.A. are broken down as follows:

Direct purchases for ordinary activities	126
Rent - Maintenance and repairs	1,275
Consulting, studies, and outsourcing	10,448
Fees for the use of storage and installations of third parties	4,481
Insurances	14,810
Financial compensations for customers	2,453
Other charges	1,243
TOTAL	34,836

4. Depreciation (15,471)

See the comments on the assets, under the heading "Tangible and intangible fixed assets."

5. Write-downs on inventory and trade receivables (39)

The movements during the financial year are made up as follows : write-back of 207 on inventory, and new provision of 246 for trade receivables.

6. Operating profit (291,209)

See comments in annual report "Summary of the consolidated income statement".

7. Income from financial fixed assets (4,530)

This heading represents the recovery of the dividends on participations of the Group in Interconnector (UK).

8. Financial result (12,226)

See comments in annual report "Summary of the consolidated income statement".

CONSOLIDATED INCOME STATEMENT (in thousand euro)		31/12/2004	31/12/2003	Difference
I. Operating income		3,733,102	3,882,500	-149,398
A. Turnover		3,729,353	3,882,099	-152,746
B. Increase; Decrease in inventory of finished goods, work in progress		0	0	0
C. Own construction capitalised		0	0	0
D. Other operating income		3,749	401	3,348
II. Operating charges		3,441,893	3,574,039	-132,146
A. Raw materials, consumables and good for resale		3,325,268	3,471,520	-146,252
1. Purchases		3,304,800	3,436,537	-131,737
2. Increase; Decrease in inventory		20,468	34,983	-14,515
B. Services and other goods		86,977	124,919	-37,942
C. Remuneration, social security costs and pensions		10,714	14,667	-3,953
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets		15,471	16,141	-670
E. Increase; Decrease in amounts written off inventory, work in progress and trade debtors		39	-3,834	3,873
F. Increase; Decrease in provisions for liabilities and charges		1,026	-49,419	50,445
G. Other operating charge		2,398	45	2,353
III. Operating profit		291,209	308,461	-17,252
IV. Financial income		38,130	25,451	12,679
A. Income from financial fixed assets		4,530	4,474	56
B. Income from current assets		15,992	15,246	746
C. Other financial income		17,608	5,731	11,877
V. Financial charges		25,904	14,861	11,043
A. Interest and other debt charges		6,831	9,705	-2,874
C. Amounts written off current assets other than those mentioned under II.E.		-343	0	-343
D. Other financial charges		19,416	5,156	14,260
Financial result		12,226	10,590	1,636
VI. Profit on ordinary activities before income taxes of the consolidated enterprises		303,435	319,051	-15,616
VII. Extraordinary income		0	0	0
C. Adjustments to amounts written off financial fixed assets		0	0	0
D. Adjustments to provisions for extraordinary liabilities and charges		0	0	0
E. Gain on disposal of fixed assets		0	0	0
F. Other extraordinary charges		0	0	0



CONSOLIDATED INCOME STATEMENT (in thousand euro)	31/12/2004	31/12/2003	Difference
VIII. Extraordinary charges	166	108	58
A. Extraordinary depreciation and extraordinary amounts written off formation expenses, intangible and tangible fixed assets	0	0	0
D. Provisions for extraordinary liabilities and charges	0	0	0
E. Loss on disposal of fixed assets	166	0	166
F. Other extraordinary charges	0	108	-108
Extraordinary result	-166	-108	-58
IX. Profit before income taxes of the consolidated enterprises	303,269	318,943	-15,674
XI. Income taxes	98,491	102,632	-4,141
A. Income taxes	98,546	102,772	-4,226
B. Adjustments of income taxes and write-back of taxes provisions	55	140	-85
XII. Profit of consolidated companies	204,778	216,311	-11,533
XIII. Share in the result of enterprises accounted for using the equity method	2,057	2,058	-1
XIV. Consolidated profit	206,835	218,369	-11,534
A. Minority interest share in the result	2,668	2,704	-36
B. Group share in the result	204,167	215,665	-11,498

APPROPRIATION ACCOUNT (in thousand euro)	31/12/2004	31/12/2003	Difference
Total result for the financial year	206,835	218,369	-11,534
Group's share in the result	204,167	215,665	-11,498
Minority interests share in the result	2,668	2,704	-36
Appropriation to the reserves	97,366	114,260	-16,894
Profit available for distribution by Distrigas	106,801	101,405	5,396
Dividends	106,801	101,405	5,396
Minority interests share in the result	2,668	2,704	-36

CASH FLOW STATEMENT (in thousand euro)

	31/12/2004	31/12/2003
OPERATION (I)	81,899	280,916
Cash-flow	223,198	181,286
Change in working capital requirements	-37,349	123,733
Dividends and directors' fees	-103,951	-24,103
INVESTMENTS (II)	-20,831	10,231
Investments		
Intangible assets	0	-16
Tangible assets	-928	-2,068
Financial assets	-21,817	-928
Disinvestments		
Financial assets	1,914	13,243
FINANCING (III)	-3	-64,576
Repayments of loans	-3	-64,576
VARIATION IN PERIMETER, TRANSLATION DIFFERENCES AND OTHER MOVEMENTS (IV)	0	0
CASH FLOW VARIATION (I+II+III+IV)	61,064	226,571
Change in treasury investments and liquid assets	48,412	218,288
Change in short-term financial asset	12,652	8,283



Notes on the consolidated balance sheet

on 31 December 2004

I. CONSOLIDATION CRITERIA

The consolidated accounts are drawn up in accordance with the provisions of the Royal Decree of 30 January 2001.

The accounts are presented in thousand euro.

In 2004, the consolidation perimeter includes the DISTRIGAS, FINPIPE, DISTRIGAS & C°, TRANSFIN, ETAC and DISTRI Re companies. Pursuant to the true and fair view principle, the equity method has been applied to ETAC in order to give an optimum reflection of the economic interests of the group. Considering the activities of a nature very different from those of the Distrigas group, DISTRI RE has been consolidated according to the equity method.

The GAZELEC S.C.R.L., GAZELEC & C° S.C.S., I.Z.T. S.C.R.L. and RHODIGAZ S.A.S. are not consolidated since DISTRIGAS does not control them. They have not been consolidated according to the equity method due to their small relative importance.

II. a. FULLY CONSOLIDATED COMPANIES

NAME	REGISTERED OFFICE	National VAT No.	Percentage of capital hold
Finpipe G.I.E.	rue de l'Industrie 10 - 1000 Brussels	444.889.015	56.000887%
Distrigaz & C° S.C.A.	rue de l'Industrie 10 - 1000 Brussels	464.255.658	99.804%
Transfin S.A.	rue de l'Industrie 10 - 1000 Brussels	464.236.654	99.8%

II. b. COMPANIES EXCLUDED FROM THE CONSOLIDATION UNDER ART. 107.1° BECAUSE OF THEIR NEGLIGIBLE SIZE

None

III. COMPANIES CONSOLIDATED BY THE PROPORTIONATE METHOD

None

IV. a. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

NAME	REGISTERED OFFICE	National VAT No.	Percentage of capital hold
Distri Re S.A.	avenue de la Gare 65 L 1611 Luxembourg	-	100.00 %
Etac B.V	F. Roeskestraat 123 NL 1077 EE Amsterdam	NL 8072.38.491.B 01	75.00 %

IV. b. COMPANIES NOT ACCOUNTED FOR BY THE EQUITY METHOD UNDER ART. 107.1° BECAUSE OF THEIR NEGLIGIBLE SIZE

NAME	REGISTERED OFFICE	National VAT No.	Percentage of capital hold
Gazelec S.C.R.L.	rue de l'Industrie 10 - 1000 Brussels	453.524.092	49.920%
Gazelec & C° S.C.S.	rue de l'Industrie 10 - 1000 Brussels	453.477.671	99.900%
I.Z.T. S.C.R.L.	rue de l'Industrie 10 - 1000 Brussels	454.318.009	51.000%
Rhodigaz S.A.S.	quai Alphonse Le Gallo 26 - F92512 Boulogne-Billancourt France	-	50.000%



VI. ACCOUNTING PRINCIPLES

1. INVENTORY

General rules

Assets are valued at their acquisition or cost price, and are entered in the balance sheet at this value, minus the relevant depreciation and write-downs.

Assets that have been contributed are valued at the agreed value of the contribution. They do not include taxes and costs involved in the contribution; if the latter are not fully entered in the income statement for the financial year in which the contribution is made, they are entered under "Formation expenses".

Tangible and financial assets may be revalued if their value, determined in relation to their usefulness to the company, shows a sure and lasting increase compared with their book value.

However, such a revaluation is carried out only if it is justified by the profitability of the company's activities, or at least the part of the activities concerned.

Assets, liabilities and commitments in foreign currencies

Entry in the accounts on conclusion of the transaction

Accounts in which debts or amounts receivable are expressed in foreign currency are valued at the rate obtained on the day of the operation. However, if the variation in the rate does not have any impact on the completion of the operation, the standard rate or an average rate over certain periods may be chosen.

Valuation at year end

At the end of the year and in accordance with advisory notice issued by the Accounting Standards Commission (bulletin n° 20 of December 1987, section VII A and B), monetary assets and liabilities are valued at rate obtained at year end, as are rights and obligations.

This evaluation gives rise to translation differences which are totalled up for each currency. Unless they are covered by a particular hedging operation, the negative differences for each currency are posted to the income statement, while the positive differences are entered as accrued assets.

Formation expenses

Formation expenses are not included in the assets unless they are posted during the year in which they are incurred.

Intangible assets

Intangible assets other than those acquired from third parties are entered in the assets at their cost price only if this does not exceed a prudent estimate of the useful value of these assets, or of their future profitability for the company.

Tangible assets

Small items of equipment, consumables and supplies that are constantly renewed and whose acquisition value is negligible in relation to the balance sheet total may be entered in the assets as a fixed amount if their quantity, value and composition does not vary significantly from one year to the next. In such a case, the cost of renewing these items is charged to operating expenses. The rights to use certain tangible assets which the company enjoys under leasing or similar contracts are posted to the assets, up to the amount of the instalments paid under the contract, representing the reconstitution of the value of the asset in the form of capital, as laid down in the contract.

The correlative engagements booked under liabilities are evaluated each year for the fraction of instalments that relates to previous accounting periods and represents the reconstitution in capital of the value of the asset, object of the contract.

Financial assets

Investments and other shareholdings entered under the heading of "Financial assets" are subject to write-downs in the event of lasting loss or depreciation justified by the situation, profitability or prospects of the company in which the investment has been made or the shares held.

Receivables or fixed income instruments (securities) entered under financial assets are subject to write-downs if their repayment when due is wholly or partly uncertain or jeopardised.

The costs related to the acquisition of financial assets are charged against the income statement of the year during which they were incurred.

Long-term receivables

Long-term receivables are subject to write-downs if their repayment when due is wholly or partly uncertain or jeopardised.

Inventories

Inventories of gas

Gas inventories are valued according to the last in/first out (LIFO) method. New inventories of natural gas are valued at the average monthly purchasing costs, taking into account the G factor.

Raw material and consumables inventories

Raw materials and consumables are held in the inventory according to the weighted average price method. For certain items, individual prices for each are valued each element or group of elements may be established and classified by year of purchase.

Such inventories can be depreciated within the limits allowed by the tax authorities, according to the type of concerned items.

Work in progress

Contracts being carried out for third parties are valued at their cost price, taking into account the directly attributable costs. However, in the case of certain large projects, the cost price may include the financial charges for capital borrowed to finance the operation.

Write-downs

If necessary, write-downs are recorded to take into account either the market value or the risks justified by the nature of the assets under consideration or by the activity carried out.

Short-term receivables - Cash and cash equivalents

The items under this heading may be written down when their market value at the end of the financial year is lower than their purchase price.

Further write-downs are recorded to take account of changes in the sales or market value, or the risks justified by the nature of the assets under consideration or by the activity carried out.

2. GAS PURCHASES

The gas acquisition cost is calculated in accordance with the recommendations issued by the Electricity and Gas Board of Control, taking the G factor into account.

As of 1 July 2003 the competences of the Electricity and Gas Control Committee have been taken over by the CREG.

Currency hedges to cover gas purchases

Currency hedges to cover the exchange risk on a future operation are recorded under "Investments" at their acquisition cost. They are not written down unless the future transaction is not sufficiently likely or will not be carried out.

At each closing, the potential impact on the future operation is estimated. If a loss is expected, then provision is set aside to cover it.

3. DEPRECIATION AND AMORTISATION

Depreciation and amortisation are applied as follows:

Formation expenses

Formation expenses are amortised as appropriate, at a rate of at least 20% per financial year for the amounts actually spent; however, the amortisation on loan issue expenses and discount charges can be spread over the total duration of the loan.

Intangible assets

Intangible assets whose use is limited in time are amortised according to the period of use or probable use.

Computer software is depreciated at a rate of 20%.

Intangible assets whose use is not limited in time may only be written down in the event of lasting losses or depreciation.

Tangible assets

Tangible assets whose use is limited in time are depreciated in stages according to the period of use or probable use.

Such assets are subject to additional or extraordinary depreciation when, due to their deterioration or to changes in economic or technological circumstances, their book value exceeds their useful value for the company.

Tangible assets that have been retired or that are no longer used on a lasting basis for the company's activities are subject to extraordinary depreciation, so as to bring their value into line with the probable disposal value.

Tangible assets whose use is not limited in time may only be written down in the event of lasting losses or depreciation.



Depreciation methods

a.1. Straight-line depreciation

The main depreciation rates used are as follows:

- 3% for administrative buildings;
- 5% for industrial buildings;
- 20% for equipment, vehicles and furniture;
- 25% for IT equipment;
- 33.33% for prototypes.

4. PROVISION AND LOSS OF VALUE

Allowance is made for foreseeable risks, possible losses and losses of value arising during the report year or previous years.

Allowance is also made for expenses and income related to the year or to previous years without consideration of the date of payment or receipt of these expenses and income, except when the receipt of such income is uncertain.

In particular, provisions are constituted to cover the following:

- a. the cost of major pipelines and major maintenance work, and of moving pipelines;
- b. the risk of losses or expenses arising for the company through personal or real sureties constituted to guarantee third party debts or commitments, commitments relative to the acquisition or disposal of assets, the execution of orders placed or received, current or future currency positions, current or future commodity positions, technical guarantees associated with sales and services already carried out by the company, and litigation in progress.

5. INCOME TAXES

The tax expenses for the financial year are determined on the closing date on the basis of the estimated tax amount, taking into account pre-payments made and withholding taxes due.

6. RESTATEMENTS AND ELIMINATIONS

The consolidated accounts are presented without significant restatement, thanks to the use of standard accounting principles throughout the group.

7. CLOSING DATE

The consolidated accounts are closed on 31 December, i.e. the closing date of the Distrigas S.A. accounts. If the accounts of a subsidiary are closed between 30 September and 31 December, they are used as they are; if the closing date is prior to 30 September, the interim accounts are drawn up as per 31 December for the purposes of consolidation.

VIII. STATEMENT OF INTANGIBLE ASSETS (in thousand euro)

	Costs for studies and development	Concessions, patents, licences, etc.	Goodwill	Advance payments	Total
A. Acquisition value					
At the end of previous year	0	68	0	0	68
Changes during the year					
Acquisitions, including own construction	0	0	0	0	0
Sales and disposals	0	0	0	0	0
Transfers from one heading to another	0	0	0	0	0
Variations in consolidation scope	0	0	0	0	0
At year end	0	68	0	0	68
C. Depreciation and write-downs					
At end of previous year	0	23	0	0	23
Changes during the year					
Recorded	0	14	0	0	14
Written back	0	0	0	0	0
Acquired from third parties	0	0	0	0	0
Cancelled	0	0	0	0	0
Transfers from one heading to another	0	0	0	0	0
Variations in consolidation scope	0	0	0	0	0
At year end	0	37	0	0	37
D. Net book value at year end	0	31	0	0	31

**IX. STATEMENT OF TANGIBLE ASSETS** (in thousand euro)

	Lands, buildings and residences	Plants and machinery	Furniture, vehicles and equipment	Leasing & similar rights	Others	Assets under construction and advance payments	Total
A. Acquisition value							
At the end of previous year	1,029	216,961	0	0	0	0	217,990
Changes during the year							
Acquisitions including own construction	0	928	0	0	0	0	928
Sales and disposals	0	0	0	0	0	0	0
Transfers from one heading to another	0	0	0	0	0	0	0
Variations in consolidation scope	0	0	0	0	0	0	0
At year end	1,029	217,889	0	0	0	0	218,918
C. Depreciation and write-downs							
At the end of previous year	513	111,911	0	0	0	0	112,424
Changes during the year							
Recorded	46	15,411	0	0	0	0	15,457
Written back	0	0	0	0	0	0	0
Acquired from third parties	0	0	0	0	0	0	0
Cancelled	0	0	0	0	0	0	0
Transfers from one heading to another	0	0	0	0	0	0	0
Variations in consolidation scope	0	0	0	0	0	0	0
At year end	559	127,322	0	0	0	0	127,881
D. Net book value at year end	470	90,567	0	0	0	0	91,037

X. STATEMENT OF FINANCIAL ASSETS

	A. Companies accounted for by the equity method	B. Other companies
1. Participating interests and shares		
a. Acquisition value		
At end of previous year	2,513	22,799
Changes during the year		
Acquisitions	721	21,296
Disposals and withdrawals	-	-620
Conversion differences		
Variation in consolidated scope	-	-
At year end	3,234	43,475
b. Capital gains		
At end of previous year	-	1,494
Changes during the year		
Variation in consolidated scope	-	-
At year end	-	1,494
c. Depreciation and write-downs		
At end of previous year	-	-
At year end	-	-
d. Uncalled share capital		
At end of previous year	0	1,591
Changes during the year	200	-402
Variation in consolidated scope	-	-
At year end	200	1,189
e. Variation in capital and reserves		
At end of previous year	4,120	
Changes during the year		
Variation in consolidated scope	-	-
Equity method	-5	-
At year end	4,115	-
Net book value at year end	7,149	43,780
2. Amounts receivable		
Net book value at end of previous year	-	10,603
Changes during the year		
Additions	-	-
Repayments	-	- 1,862
Write-back of write-downs	-	-
Other	-	-
Net book value at year end	-	8,741
Accumulated write-downs at year end		0



XI. STATEMENT OF RESERVES AND PROFIT CARRIED FORWARD (in thousand euro)

Net book value at end of previous year	267,128
Changes during the year:	
Given reserves in connection with the demerger	-
Result generated	204,166
Appropriation of results: dividends	-106,801
Value at year end	364,493

XII. STATEMENT OF CONSOLIDATION DIFFERENCES

None

XIII. STATEMENTS OF AMOUNT PAYABLE

Amounts payable with residual term of	- 1 year	1 and 5 years	+ 5 years
A. Breakdown of amounts payable after one year			
A. Financial debts			
2. Unsubordinated loans	0	0	0
3. Leasing and similar obligations	0	0	0
4. Credit institutions	3,409	26,528	10,226
5. Other loans	5,823	29,118	10,249
Total	9,232	55,646	20,475
C. Amounts received	0	0	0
D. Other debts	0	0	0
Total	9,232	55,646	20,475
B. Amounts payable or portion thereof guaranteed by:			
Belgian public authorities and real guarantees			
None			

XIV. RESULTS (in thousand euro)

	On 31/12/2004
A. Net turnover	
Gas sales	3,573,720
Finpipe	17,232
Distrigaz & C°	125,879
Other services and products	12,522
Total	3,729,353
B. Persons employed and personnel costs	
1. Quantitative information :	
Average number of persons employed during the year	101
Executives	49
Employees	52
2. Information relating to charges	
Direct remuneration and social benefits	7,229
Employer's social security benefits	2,097
Employer's premiums for non-statutory insurance schemes	93
Other personnel costs	165
Pensions	1,129
Total	10,713
D. Income taxes	
1. Income taxes for the financial year:	98,491
a) Taxes and withholding taxes due or paid	85,590
b) Excess of income tax prepayments and withholding taxes included in assets	0
c) Estimated additional charges	12,956
2. Income taxes for previous years :	0
a) Additional charges for income taxes due or paid	0
b) Estimated additional charges	0
3. Regularisation of taxes	-55



XV. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (in thousand euro)

A.5. Forward market

Gas purchases and transport contracts:

Distrigas cumulated take or pay commitments, except those taken over by electricity producers, can be estimated at 15.62 billion euros on the basis of the average current price.

Gas sales contracts:

Cumulatively, the sales commitment of Distrigas can be estimated to be 7.44 billion euros on the basis of the average current price.

Currency bought on the forward market	0
Currency sold on the forward market	128,736
Interest rate hedgings	326,662

C. Litigation and other commitments

Litigation

Recours against a third party: gas activity 159

Guarantees constituted by third parties for the benefit of the company

Rental guarantees 345

Other guarantees given 0

Commitments received: gas activities

Bank sureties 10,175

Other commitments received 108,195

Commitments received: other activities

Bank sureties 0

Commitments given

Bank sureties 10,046

Commitments in favour of DISTRI RE 9,916

Other commitments given P.M.

D. Credits not used by the company	72,692
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E. Complementary pension scheme

a. Complementary pension scheme

System based on 'objective to be reached'

The senior staff and the statutory staff respectively registered before 01/05/999 and 01/01/2002 with Pensiobel Ancien A.S.B.L. or Pensiobel sector receive a capital corresponding to a pension that, in the case of a complete career, is equal to 75% of the last annual income, less the amount of a theoretical legal pension. A reducing factor is applied if the career is not complete.

System based on 'Fixed premiums'

The senior staff and the statutory staff respectively recruited after 01/05/1999 and from 01/01/2002 on and who were not registered with Pensiobel Ancien A.S.B.L. or Pensiobel sector receive a capital made up of personal premiums and employers' premiums that reach up to 4 times the amount of the personal premiums.

In case of decease before retirement, a capital in favour of the surviving spouse and benefits for the orphans are provided in both systems

b. Measures taken by the company to cover this charge

In order to guarantee the above-mentioned capitals and pensions, the company pays both employer's and personal contributions to the following institutions: Pensiobel Ancien A.S.B.L., Pensiobel sector A.S.B.L., Elgabel A.S.B.L., Powerbel A.S.B.L., Enerbel A.S.B.L. and Contassur S.A.

**XVI. RELATIONS WITH AFFILIATED ENTERPRISES
LINKED BY PARTICIPATING INTERESTS
(NOT INCLUDED IN THE CONSOLIDATION)** (in thousand euro)

	A. AFFILIATED ENTERPRISES		B. ENTERPRISES LINKED BY PARTICIPATING INTEREST	
	On 31/12/2004	On 31/12/2003	On 31/12/2004	On 31/12/2003
1. Financial assets				
Participating interest	88	88	43,692	22,614
Receivables	0	0	0	0
2. Receivables				
Within one year	120,596	133,995	0	0
After one year	324,878	291,264	0	0
3. Investments				
Receivables	443,818	345,578	0	0
4. Payables				
Within one year	222,818	150,396	556	494
7. Financial results				
Income from financial assets	0	0	4,530	4,474
Income from current assets	10,286	10,584	0	0
Interest and other debt charges	2,114	2,671	0	0

XVII. DIRECTORS

2.a. Direct and indirect remuneration to the directors

204



Statutory auditor's report

on the consolidated financial statements for the year
ended 31 December 2004

TO THE SHAREHOLDERS' MEETING

To the Shareholders

In accordance with legal and statutory requirements, we are pleased to report to you on our audit assignment which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended 31 December 2004, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of 1.629.203.589,03 EUR and an income statement resulting in a consolidated profit for the year of 206.834.550,91 EUR. We have also examined the consolidated Directors' report.

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement taking into account the legal and statutory requirements applicable to consolidated financial statements in Belgium.

In accordance with these standards, we considered the group's administrative and accounting organization of your company as well as its internal control procedures. We have obtained explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing accounting policies used, the basis for consolidation and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a fair and true view of the group's assets, liabilities, consolidated financial position as of 31 December 2004 and the consolidated results of its operations for the year then ended, and the information given in the notes to the consolidated financial statements is adequate.

Additional certifications (and information)

We supplement our report with the following certifications (and information) which do not modify our audit opinion on the financial statements:

The consolidated directors' report contains the information required by the Companies Code and is consistent with the consolidated financial statements.

31 March 2005

The Statutory Auditor

DELOITTE & TOUCHE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jurgen Kesselaers



Statutory financial statements



Followup the customers' accounts, draw the accounts and results, manage the finances, and prepare the switchover to IAS-standards.



Balance sheet of Distrigaz S.A. on 31 December 2004

ASSETS (in thousand euro)	31/12/2004	31/12/2003	Difference
FIXED ASSETS	73,027	53,728	19,299
Intangible assets	31	45	-14
Tangible assets	2,119	2,543	-424
Financial assets	70,877	51,140	19,737
CURRENT ASSETS	1,161,243	1,184,953	-23,710
Inventory and work in progress	87,256	107,516	-20,260
Long-term receivables	573,220	495,843	77,377
Investments	489,493	568,558	-79,065
Cash at bank and in hand	659	1,182	-523
Deferred charges and accrued income	10,615	11,854	-1,239
	1,234,270	1,238,681	-4,411

LIABILITIES (in thousand euro)	31/12/2004	31/12/2003	Difference
CAPITAL AND RESERVES	227,503	192,423	35,080
Capital	66,228	66,228	0
Share premium account	41	41	0
Revaluation surpluses	1,494	1,494	0
Reserves	158,233	123,233	35,000
Profit carried forward	1,507	1,427	80
PROVISIONS AND DEFERRED TAXES	167,499	166,474	1,025
AMOUNTS PAYABLE	839,268	879,784	-40,516
Long-term payables	9,485	9,489	-4
Short-term payables	729,320	735,204	-5,884
Accrued charges and deferred income	100,463	135,091	-34,628
	1,234,270	1,238,681	-4,411

Income statement of Distrigaz S.A. on 31 December 2004

INCOME STATEMENT (in thousand euro)	31/12/2004	31/12/2003	Difference
Operating income	3,590,273	3,731,361	-141,088
Operating charges	3,402,432	3,552,494	-150,062
Operating results	187,841	178,867	8,974
Financial income	40,736	27,532	13,204
Financial charges	19,539	6,334	13,205
Financial result	21,197	21,198	-1
Profit on ordinary activities before taxes	209,038	200,065	8,973
Extraordinary income	0	0	0
Extraordinary charges	166	108	58
Extraordinary result	-166	-108	-58
Income taxes	-66,991	-64,756	-2,235
Profit for the year	141,881	135,201	6,680



Appropriation accounts of Distrigaz S.A. on 31 December 2004

APPROPRIATION ACCOUNTS (in thousand euro)	31/12/2004	31/12/2003	Difference
A. Profit available for appropriation	143,308	136,831	6,477
1. Profit of the year available for appropriation	141,881	135,201	6,680
2. Profit brought forward	1,427	1,630	-203
B. Drawings on capital and reserves	0	0	0
2. On reserves	0	0	0
C. Appropriation to capital and reserves	35,000	34,000	1,000
2. To the statutory reserve	0	0	0
3. To other reserves	35,000	34,000	1,000
D. Result to be carried forward	1,507	1,427	80
1. Profit to be carried forward	1,507	1,427	80
F. Distribution of profit	106,801	101,404	5,397
1. Dividends	106,801	101,404	5,397

If the above distribution is accepted, and taking into account the tax requirements, the net dividend after withholding tax would be 114,00 euros against 108,24 euros for the year 2003.

Additional information on Distrigaz S.A. on 31 December 2004

STATEMENT OF CAPITAL (in thousand euro)

	31/12/2004	31/12/2003	Difference
A.1. Issued capital			
At end of previous year	66,228	66,228	0
Changes during year	0	0	0
At year end	66,228	66,228	0
A.2. Structure of the capital			
Registered shares	621,971	621,977	-6
Bearer shares	80,665	80,659	6

G. Shareholder structure

Declared by	Date of declaration	Type of share	Number of voting rights declared	%
SUEZ - Tractebel S.A.	16/11/2004	A, C & D	328,636	46.77
Distrihold S.A. [connected to Tractebel]*	16/11/2004	A & C	147,139	20.94
Publigaz*	16/11/2004	B & C	146,033	20.78
			621,808	88.49

* acting in concert



TAXES (in thousand euro)	31/12/2004	31/12/2003	Difference
A. Breakdown of heading 670/3			
1. Income taxes for the current year	67,044	64,889	2,155
a) Taxes and withholding taxes due or paid	60,379	89,508	-29,129
b) Excess of income tax prepayments and withholding taxes included in the assets	0	-24,619	24,619
c) Estimated additional taxes	6,665	0	6,665
2. Income taxes for previous years			
a) Additional charges for income taxes due or paid			
B. Discrepancy between profit taxes and estimated taxable profits			
Profit before taxes	208,872	199,957	8,915
Tax components:	-12,681	-9,499	-3,182
Income definitely taxed	-4,304	0	-4,304
Disallowed expenses	424	753	-329
Exempted profit according to agreement	-8,967	-10,252	1,285
Loss on shares	166	0	166
Total	196,191	190,458	5,733