

# Consolidated accounts

ANNUAL REPORT 2003



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





Following the accounts of customers,  
drawing up the accounts and results,  
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*Accounts, Finances and Treasury*

# Summary of consolidated balance sheet

on 31 December 2003

## ASSETS (IN MILLION EURO)

	2003	2002	Difference
Fixed assets	145.55	171.95	-26.40
Long-term amounts receivable	134.00	148.88	-14.88
Stocks	107.52	181.50	-73.98
Short-term amounts receivable	528.69	575.68	-46.99
Liquid assets	616.79	398.51	218.28
Deferred charges and accrued income	14.80	14.66	0.14
<b>Total</b>	<b>1,547.35</b>	<b>1,491.18</b>	<b>56.17</b>

## LIABILITIES (IN MILLION EURO)

	2003	2002	Difference
Capital and reserves	334.89	220.63	114.26
Minority interests	11.34	11.18	0.16
Provisions	166.47	215.89	-49.42
Long-term amounts payable	85.36	114.53	-29.17
Short-term amounts payable	813.55	759.16	54.39
Accrued charges and deferred income	135.74	169.79	-34.05
<b>Total</b>	<b>1,547.35</b>	<b>1,491.18</b>	<b>56.17</b>



## INCOME STATEMENT (IN MILLION EURO)

	2003	2002	Difference
<b>Operating results</b>			
Income	3,882.50	3,606.41	276.09
Charges	3,574.04	3,512.04	62.00
	<b>308.46</b>	<b>94.37</b>	<b>214.09</b>
<b>Financial results</b>			
Income	25.45	21.72	3.73
Charges	14.86	26.74	-11.88
	<b>10.59</b>	<b>-5.02</b>	<b>15.61</b>
<b>Extraordinary results</b>			
Income	0.00	16.61	-16.61
Charges	0.11	0.00	0.11
	<b>-0.11</b>	<b>16.61</b>	<b>-16.72</b>
<b>Consolidated gross profit</b>	<b>318.94</b>	<b>105.96</b>	<b>212.98</b>
<b>Income taxes</b>	<b>-102.63</b>	<b>-37.55</b>	<b>-65.08</b>
<b>Profit of consolidated companies</b>	<b>216.31</b>	<b>68.41</b>	<b>147.90</b>
<b>Result of companies accounted for by equity method</b>	<b>2.06</b>	<b>2.06</b>	<b>0.00</b>
<b>Consolidated profit</b>	<b>218.37</b>	<b>70.47</b>	<b>147.90</b>
<b>Minority interest share</b>	<b>2.70</b>	<b>2.86</b>	<b>-0.16</b>
<b>Share of the group</b>	<b>215.67</b>	<b>67.61</b>	<b>148.06</b>

## COMMENTS ON THE ASSETS (IN THOUSAND EURO)

### 1. Intangible (45) and tangible (105,566) fixed assets

The intangible fixed assets only include the software accounted for by Distrigas S.A., whose book value on 31-12-2003 was 45.

The tangible fixed assets include those accounted for by Distrigas S.A. (with a book value of 2,543), to which are added those accounted for by Distrigas & Co (38,947) and by Finpipe G.I.E. (64,075).

The group carried out investments of 2,084 during the financial year, including 16 in intangible fixed assets (Distrigas) and 2,068 in tangible fixed assets (Distrigas & Co).

Depreciation and amortisation for the financial year amounted to 16,141, made up as follows: 437 for Distrigas, 5,752 for Finpipe and 9,952 for Distrigas & Co.

The acquisition values on 31 December 2003 therefore amounted to 217,990, while the sinking fund entries amounted to 112,425.

### 2. Financial fixed assets (39,938)

This item includes an amount of 29,335, representing the stakes held by Distrigas and Distrigas & Co in the following non-consolidated companies: IZT S.C., Citensy S.A., Interconnector (UK) LTD, Gazelec & Co S.C.S., Gazelec S.C.R.L., Rhodigas S.A.S. (stakes Distrigas) and Huberator S.A. (stakes Distrigas & Co); it also includes the following companies accounted for by the equity method: ETAC B.V. and Distri RE S.A. (stakes Distrigas). Finally, it includes a deposit of 10,603 for VAT on imports.

The variation of 12,344 compared with the situation on 31 December 2003 mainly corresponds to the change in the amount of the Distrigas deposit for VAT on imports.

### 3. Stocks and contracts in progress (107,521)

This heading, accounted for by Distrigas S.A., mainly comprises the book value of the stock of natural gas (107,161).

The book value of the **stock of natural gas has decreased by 30,973** compared with the situation on 31 December 2002, due to the decline in the quantities held in stock which however has been offset to a certain extent by the increase of the average unit price of the stock.

In accordance with the accounting principles, the book value of the stock has been adjusted on the basis of the average market price for the month of December 2003 (ZIG, Dow Jones Zeebrugge Index for Natural Gas), which has led to a write-back of the **write-down of 3,893 entered on 31 December 2002**.

### 4. Amounts receivable after one year (133,995)

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

### 5. Amounts receivable within one year (528,689)

The trade accounts receivable mainly comprise the amounts owed by the group's customers for gas supplies and other services, totalling 466,306.

The decrease in customers' accounts, principally those held by Distrigas S.A., is mainly due to the decrease in volumes sold as at December 2003 compared with December 2002.

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

### 6. Investments (615,046) and Cash at bank and in hand (1,749)

To the investments of Distrigas (568,558) are added those of Distrigas & Co (45,283), Finpipe (1,131) and Transfin (74).

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

### 7. Deferred charges and accrued income (14,804)

This item mostly comprises costs invoiced but not yet due, amounting to 10,103, together with accrued income of 1,751 accounted for by Distrigas S.A.

To these amounts is added 2,949 for costs not yet due, accounted for by Distrigas & Co.



## ASSETS (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>FIXED ASSETS</b>	<b>145,549</b>	<b>171,951</b>	<b>-26,402</b>
I. Formation expenses	0	0	0
II. Intangible assets	45	42	3
III. Positive consolidation differences	0	0	0
IV. Tangible assets	105,566	119,626	-14,060
A. Land, buildings and homes	516	562	-46
B. Plant machinery	105,050	72,232	32,818
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	46,832	-46,832
V. Financial assets	39,938	52,283	-12,345
A. Enterprises accounted for using the equity method	6,633	6,043	590
1. Participating interests	6,633	6,043	590
B. Other enterprises	33,305	46,240	-12,935
1. Investments and shares	22,702	25,106	-2,404
2. Amounts receivable	10,603	21,134	-10,531
<b>CURRENT ASSETS</b>	<b>1,401,804</b>	<b>1,319,233</b>	<b>82,571</b>
VI. Amounts receivable after one year	133,995	148,884	-14,889
A. Trade debtors	133,995	148,884	-14,889
B. Other amounts receivable	0	0	0
VII. Stocks and contracts in progress	107,521	181,499	-73,978
A. Stocks	107,521	181,499	-73,978
1. Raw materials and consumables	355	477	-122
4. Goods purchased for resale	107,166	138,134	-30,968
6. Advance payments	0	42,888	-42,888
B. Contracts in progress	0	0	0
VIII. Amounts receivable within one year	528,689	575,682	-46,993
A. Trade debtors	483,426	565,844	-82,418
B. Other amounts receivable	45,263	9,838	35,425
IX. Investments	615,046	361,609	253,437
B. Other investments	615,046	361,609	253,437
X. Cash at bank and in hand	1,749	36,897	-35,148
XI. Deferred charges and accrued income	14,804	14,662	142
	<b>1,547,353</b>	<b>1,491,184</b>	<b>56,169</b>

## COMMENTS ON THE LIABILITIES (IN THOUSAND EURO)

### 1. Capital and reserves (334,892)

The group capital and reserves amount to 334,892 in 2003, or 142,469 more than the consolidating company.

This 142,469 corresponds to the consolidation reserve, with 50 coming from Transfin, 138,299 from Distrigas & Co and 4,120 from ETAC.

The consolidation reserve has increased by 114,260 compared with the situation on 31 December 2002, mostly due to the profit carried forward by Distrigas & Co but also due to the appropriation of the result by Distrigas S.A. (see item 2).

### 2. Consolidated reserves (267,128)

The total consolidated reserves amount to 267,128 on 31 December 2003. This is a rise of 114,260 compared to 31 December 2002.

These amounts may be broken down as follows:

LEGAL ENTITY	2003	2002	Difference
DISTRIGAS	124,659	90,863	33,796
TRANSFIN	50	55	-5
DISTRIGAS & Co	138,299	57,801	80,498
ETAC	4,120	4,149	-29
<b>TOTAL</b>	<b>267,128</b>	<b>152,868</b>	<b>114,260</b>

### 3. Minority interests (11,341)

This item represents the minority interests in Finpipe (11,066), in Transfin (3) and in Distrigas & Co (272) against respectively 11,066 -3 and 114 at 31 December 2002.

### 4. Provision for liabilities and charges (166,474)

Mainly provisions entered on the liabilities side of Distrigas S.A.'s balance sheet. This heading includes provisions set aside to allow for the measures taken by the federal authorities in connection with the deregulation of the gas market, together with the risks associated with carrying out contracts and orders.

The determined difference in this item, compared to 31 December 2002, amounts to -49,419.

### 5. Amounts payable after one year (85,356)

This item comprises the financial amounts payable within one year by Distrigas S.A. (9,489) and the subsidiary Finpipe G.I.E. (75,867).

On 31 December 2002 this heading amounts to 114,532.

### 6. Financial debts (104,647)

This item mainly represents the leasing of Finpipe against its loaners for the amount of 104,647. This is a decrease of 8,059 compared to 31 December 2002.

### 7. Trade debts (530,985)

This item mainly represents invoices received or to be received for the supply of gas booked in Distrigas S.A. (519,743), an increase of 19,751 compared to 31 December 2002.

### 8. Other amounts payable (118,518)

This heading fully comprises the amounts booked in the accounts of Distrigas S.A.

The difference of 93,538 compared to 31 December 2002 is mainly due to the rise of the item "payment of dividends to the shareholders", that follows from the destination of the result.

### 9. Accrued charges and deferred income (135,736)

This item mainly comprises amounts booked in Distrigas S.A.

**LIABILITIES** (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>CAPITAL AND RESERVES</b>	<b>334,892</b>	<b>220,632</b>	<b>114,260</b>
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	267,128	152,868	114,260
V. Negative consolidation differences	0	0	0
VI. Translation differences	0	0	0
VII. Capital subsidies	0	0	0
<b>MINORITY INTERESTS</b>	<b>11,341</b>	<b>11,182</b>	<b>159</b>
VIII. Minority interests	11,341	11,182	159
<b>PROVISIONS AND DEFERRED TAXES</b>	<b>166,474</b>	<b>215,893</b>	<b>-49,419</b>
IX. A. Provisions for liabilities and charges	166,474	215,893	-49,419
3. Major repairs and maintenance	0	0	0
4. Other liabilities and charges	166,474	215,893	-49,419
<b>CREDITORS</b>	<b>1,034,646</b>	<b>1,043,477</b>	<b>-8,831</b>
X. Amount payable after one year	85,356	114,532	-29,176
A. Financial debts	85,356	107,044	-21,688
3. Leasing and other similar obligations	0	0	0
4. Credit institutions	40,166	56,031	-15,865
5. Other loans	45,190	51,013	-5,823
C. Advances received on contracts in progress	0	7,488	-7,488
XI. Amounts payable within one year	813,554	759,158	54,396
A. Current portion of amounts payable after one year	9,232	44,632	-35,400
B. Financial debts	104,647	112,930	-8,283
1. Credit institutions	0	224	-224
2. Other loans	104,647	112,706	-8,059
C. Trade debts	530,985	513,641	17,344
1. Suppliers	530,985	513,641	17,344
E. Taxes, remuneration and social security	50,172	62,974	-12,802
1. Taxes	48,354	61,441	-13,087
2. Remuneration and social security	1,818	1,533	285
F. Other amounts payable	118,518	24,981	93,537
XII. Accrued charges and deferred income	135,736	169,787	-34,051
	<b>1,547,353</b>	<b>1,491,184</b>	<b>56,169</b>

on 31 December 2003

# Consolidated income statement

in thousand euro

## COMMENTS ON THE RESULTS

### 1. Turnover (3,882,500)

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

### 2. Raw materials, consumable and goods for resale (3,471,520)

This heading also includes all the amounts recorded in the Distrigas S.A. accounts, which have decreased due to elimination of 48,295 in charges that cancel one another out.

This item represents the purchase of natural gas and the charges in connection with third party access (215,471), storage (35,597) and the LNG terminal in Zeebrugge (48,311), invoiced by Fluxys and Fluxys LNG, and also the transportation and storage charges abroad (13,143).

### 3. Services and different goods (124,919)

This heading also includes miscellaneous goods and services after elimination of 1,390 in charges that cancel one another out.

The majority of the miscellaneous goods and services accounted for by Distrigas & Co include amounts charged to third parties for access to the transport network (58,019)

These amounts are broken down as follows:

Direct purchases for ordinary activities	108
Rent	1,254
Maintenance and repairs	27
Consulting, studies and outsourcing	9,524
Fees for the use of storage and installations of third parties	21,340
Insurances	18,014
Financial compensations for customers	13,822
Other charges	2,171
<b>TOTAL</b>	<b>66,260</b>

### 4. Depreciation (16,141)

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

### 5. Write-downs on stocks and trade accounts receivable (-3,834)

The movements during the financial year are made up as follows: write-back of 3,893 on stocks, and new provision of 59 for trade accounts receivable.

### 6. Operation profit (308,460)

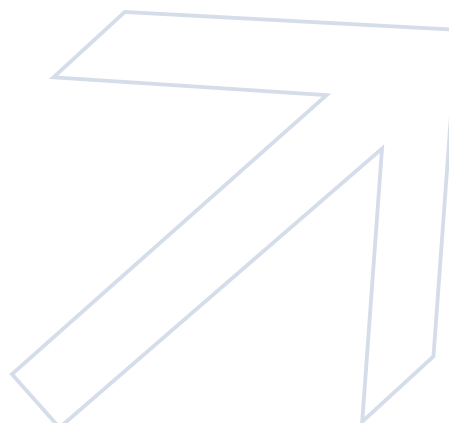
See comments in annual report "Summary of the consolidated income statement".

### 7. Income from financial fixed assets (4,474)

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

### 8. Financial result (10,590)

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





<b>CONSOLIDATED INCOME STATEMENT</b> (IN THOUSAND EURO)		<b>31-12-2003</b>	<b>31-12-2002</b>	<b>Difference</b>
<b>I.</b>	<b>Operating income</b>	<b>3,882,500</b>	<b>3,606,409</b>	<b>276,091</b>
A.	Turnover	3,882,099	3,605,908	276,191
B.	Increase; Decrease in stocks of finished goods, work and contracts in progress	0	0	0
C.	Own construction capitalised	0	0	0
D.	Other operating income	401	501	-100
<b>II.</b>	<b>Operating charges</b>	<b>3,574,039</b>	<b>3,512,043</b>	<b>61,996</b>
A.	Raw materials, consumables and goods for resale	3,471,520	3,364,518	107,002
1.	Purchases	3,436,537	3,402,932	33,605
2.	Increase; Decrease in stocks	34,983	-38,414	73,397
B.	Services and other goods	124,919	138,836	-13,917
C.	Remuneration, social security costs and pensions	14,667	8,927	5,740
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	16,141	18,891	-2,750
E.	Increase; Decrease in amounts written off stocks, contracts in progress and trade debtors	-3,834	-14,662	10,828
F.	Increase; Decrease in provisions for liabilities and charges	-49,419	-4,964	-44,455
G.	Other operating charges	45	497	-452
<b>III.</b>	<b>Operating profit</b>	<b>308,461</b>	<b>94,366</b>	<b>214,095</b>
<b>IV.</b>	<b>Financial income</b>	<b>25,451</b>	<b>21,726</b>	<b>3,725</b>
A.	Income from financial fixed assets	4,474	4,343	131
B.	Income from current assets	15,246	14,901	345
C.	Other financial income	5,731	2,482	3,249
<b>V.</b>	<b>Financial charges</b>	<b>14,861</b>	<b>26,745</b>	<b>-11,884</b>
A.	Interest and other debt charges	9,705	14,014	-4,309
C.	Amounts written off current assets other than those mentioned under II.E.	0	3,183	-3,183
D.	Other financial charges	5,156	9,548	-4,392
	<b>Financial result</b>	<b>10,590</b>	<b>-5,019</b>	<b>15,609</b>
<b>VI.</b>	<b>Profit on ordinary activities before income taxes of the consolidated enterprises</b>	<b>319,051</b>	<b>89,347</b>	<b>229,704</b>
<b>VII.</b>	<b>Extraordinary income</b>	<b>0</b>	<b>16,606</b>	<b>-16,606</b>
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	16,606	-16,606

<b>CONSOLIDATED INCOME STATEMENT</b> (IN THOUSAND EURO)	<b>31-12-2003</b>	<b>31-12-2002</b>	<b>Difference</b>
<b>VIII. Extraordinary charges</b>	<b>108</b>	<b>0</b>	<b>108</b>
A. Extraordinary depreciation of 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	0	0	0
F. Other extraordinary charges	108	0	108
<b>Extraordinary result</b>	<b>-108</b>	<b>16,606</b>	<b>-16,714</b>
<b>IX. Profit before income taxes of the consolidated enterprises</b>	<b>318,943</b>	<b>105,953</b>	<b>212,990</b>
<b>XI. Income taxes</b>	<b>102,632</b>	<b>37,546</b>	<b>65,086</b>
A. Income taxes	102,772	37,546	65,226
B. Adjustments of income taxes and write-back of taxes provisions	-140	0	-140
<b>XII. Profit of consolidated companies</b>	<b>216,311</b>	<b>68,407</b>	<b>147,904</b>
<b>XIII. Share in the result of enterprises accounted for using the equity method</b>	<b>2,058</b>	<b>2,062</b>	<b>-4</b>
<b>XIV. Consolidated profit</b>	<b>218,369</b>	<b>70,469</b>	<b>147,900</b>
A. Minority interest share in the result	2,704	2,863	-159
B. Group share in the result	215,665	67,606	148,059

<b>APPROPRIATION ACCOUNT</b> (IN THOUSAND EURO)	<b>31-12-2003</b>	<b>31-12-2002</b>	<b>Difference</b>
<b>Total result for the financial year</b>	<b>218,369</b>	<b>70,469</b>	<b>147,900</b>
Group's share in the result	215,665	67,606	148,059
Minority interests share in the result	2,704	2,863	-159
<b>Appropriation to the reserves</b>	<b>114,260</b>	<b>46,049</b>	<b>68,211</b>
<b>Profit available for distribution by Distrigas</b>	<b>101,405</b>	<b>21,557</b>	<b>79,848</b>
Dividends	101,405	21,557	79,848
<b>Minority interests share in the result</b>	<b>2,704</b>	<b>2,863</b>	<b>-159</b>



## CASH FLOW STATEMENT (IN THOUSAND EUROS)

	31-12-2003	31-12-2002
<b>Operation (I)</b>	<b>280,916</b>	<b>-1,937</b>
Cash-flow	181,286	72,918
Change in working capital requirements	123,733	-67,440
Dividends and directors' fees	-24,103	-7,415
<b>Investments (II)</b>	<b>10,231</b>	<b>-25,701</b>
Investments		
Intangible assets	-16	-52
Tangible assets	-2,068	-15,248
Financial assets	-928	-10,401
Disinvestments		
Financial assets	13,243	0
<b>Financing (III)</b>	<b>-64,576</b>	<b>-57,907</b>
Repayments of loans	-64,576	-57,907
<b>Variation in perimeter, translation differences and other movements (IV)</b>	<b>0</b>	<b>0</b>
<b>Cash flow variation (I+II+III+IV)</b>	<b>226,571</b>	<b>-85,545</b>
Change in treasury investments and liquid assets	218,288	-100,785
Change in short-term financial debts	8,283	15,240

# notes on the consolidated balance sheet

on 31 December 2003

## 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 drawn up in thousand euro.

In 2003, the consolidation perimeter includes the DISTRIGAS, FINPIPE, DISTRIGAS & Co, 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 CITENSY S.A., GAZELEC S.C.R.L., GAZELEC & Co 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 held
Finpipe G.I.E.	rue de l'Industrie 10	1000 Brussels	444.889.015	56.000887 %
Distrigas & Co 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 ATR. 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 held
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 held
Citensy S.A.	avenue Palmerston 4	1000 Brussels	446.602.945	33.333 %
Gazelec S.C.R.L.	rue de l'Industrie 10	1000 Brussels	453.524.092	49.920 %
Gazelec & Co 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	F-92512 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 obtaining 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 obtaining 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-interest stock entered under financial assets are subject to write-downs if their repayment when due is wholly or partly uncertain or jeopardized.

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

#### *Amounts receivable after one year*

Amounts receivable after one year are subject to write-downs if their repayment when due is wholly or partly uncertain or jeopardized.



## **Stocks**

### **GAS**

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

### **RAW MATERIAL AND CONSUMABLES**

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 stocks can be depreciated within the limits allowed by the tax authorities, according to the type of stocked item.

### **CONTRACTS 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 pay 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.

### **Amounts receivable within one year - Investments - Cash at bank and in hand**

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.

### **Options on currencies purchased to cover gas purchases**

Options on currencies purchased 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. 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.. 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.



## VII. STATEMENT OF FORMATION EXPENSES

None

## VIII. STATEMENT OF INTANGIBLE ASSETS (IN THOUSAND EURO)

	Costs for studies and development	Concessions, patents, licences, etc.	Goodwill	Advance payments	Total
<b>A. Acquisition value</b>					
At end of previous year	0	52	0	0	52
Changes during the year					
Acquisitions, including own construction	0	16	0	0	16
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
<b>C. Depreciation and write-downs</b>					
At end of previous year	0	10	0	0	10
Changes during the year					
Recorded	0	13	0	0	13
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	23	0	0	23
<b>D. Net book value at year end</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>

**IX. STATEMENT OF FINANCIAL 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
<b>A. Acquisition value</b>							
At end of previous year	1,029	135,278	0	0	0	79,615	215,922
Changes during the year							
Acquisitions, including own construction	0	2,068	0	0	0	0	2,068
Sales and disposals	0	0	0	0	0	0	0
Transfers from one heading to another	0	79,615	0	0	0	-79,615	0
Variations in consolidation scope	0	0	0	0	0	0	0
At year end	1,029	216,961	0	0	0	0	217,990
<b>C. Depreciation and write-downs</b>							
At end of previous year	466	63,047	0	0	0	32,783	96,296
Changes during the year							
Recorded	47	16,081	0	0	0	0	16,128
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	32,783	0	0	0	-32,783	0
Variations in consolidation scope	0	0	0	0	0	0	0
At year end	513	111,911	0	0	0	0	112,424
<b>D. Net book value at year end</b>	<b>516</b>	<b>105,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,566</b>



<b>X. STATEMENT OF FINANCIAL ASSETS</b>	<b>A. Companies accounted for by the equity method</b>	<b>B. Other companies</b>
<b>1. Participating interests and shares</b>		
a. Acquisition value		
At end of previous year	2,513	25,203
Changes during the year		
Acquisitions	-	-
Disposals and withdrawals	-	-
Conversion differences	-	- 2,404
Variation in consolidated scope	-	-
At year end	2,513	22,799
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	620	1,591
Changes during the year	- 620	-
Variation in consolidated scope	-	-
At year end	0	1,591
e. Variation in capital and reserves		
At end of previous year	4,149	
Changes during the year		
Variation in consolidated scope	-	
Equity method	- 29	
At year end	4,120	
<b>Net book value at year end</b>	<b>6,633</b>	<b>22,702</b>
<b>2. Amounts receivable</b>		
Net book value at end of previous year		21,134
Changes during the year		
Additions		308
Repayments		- 10,839
Write-back of write-downs		-
Other		-
<b>Net book value at year end</b>		<b>10,603</b>
<b>Accumulated write-downs at year end</b>		<b>0</b>

**XI. STATEMENT OF RESERVES AND PROFIT CARRIED FORWARD** (IN THOUSAND EURO)

Net book value at end of previous year	<b>152,867</b>
<b>Changes during the year:</b>	
Given reserves in connection with the demerger	-
Result generated	215,665
Appropriation of results: dividends	-101,404
<b>Value at year end</b>	<b>267,128</b>

**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
<b>A. Breakdown of amounts payable after one year</b>			
A. Financial debts			
2. Unsubordinated loans	0	0	0
3. Leasing and similar obligations	0	0	0
4. Credit institutions	3,409	26,532	13,634
5. Other loans	5,823	29,118	16,072
<b>Total</b>	<b>9,232</b>	<b>55,650</b>	<b>29,706</b>
C. Amounts received	0	0	0
D. Other debts	0	0	0
<b>Total</b>	<b>9,232</b>	<b>55,650</b>	<b>29,706</b>

**B. Amounts payable or portion thereof guaranteed by:  
Belgian public authorities and real guarantees**  
None

**XIV. RESULTS** (IN THOUSAND EURO)

On 31-12-2003

<b>A. Net turnover</b>	
Gas sales	3,718,489
Finpipe	18,169
Distrigas & Co	133,253
Other services and products	12,188
<b>Total</b>	<b>3,882,099</b>
<b>B. Persons employed and personnel costs</b>	
1. Quantitative information:	
Average number of persons employed during the year	88
- Executives	44
- Employees	44
2. Information relating to charges	
- Direct remuneration and social benefits	6,554
- Employer's social security benefits	2,390
- Employer's premiums for non-statutory insurance schemes	105
- Other personnel costs	134
- Pensions	5,484
<b>Total</b>	<b>14,667</b>
<b>D. Income taxes</b>	
1. Income taxes for the financial year:	102,653
a) Taxes and withholding taxes due or paid	142,601
b) Excess of income tax prepayments and withholding taxes included in assets	-39,948
c) Estimated additional charges (included in liabilities)	0
2. Income taxes for previous years:	119
a) additional charges for income taxes due or paid	0
b) Estimated additional taxes	119
3. Regularization of taxes	-140

**XV. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET** (IN THOUSAND EURO)

<b>A.5. Forward market</b>		
-	Gas purchase and transport contracts: Distrigas cumulated take or pay commitments, except these taken over by electricity producers, can be estimated at € 18.3 billion.	
-	Gas sales contracts Cumulatively, the sales commitments of Distrigas can be estimated to be 5.38 billion euros on the basis of the average current price	
-	Currency bought on the forward market	0
-	Currency sold on the forward market	118,801
-	Interest rate hedging	341,910
<b>C. Litigation and other commitments</b>		
-	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	2,967
-	Other commitments received	71,592
	Other activities Bank Sureties	0
-	Commitments given Bank Sureties	3,248
	Commitments in favour of DISTRI RE	9,916
	Other commitments given	P.M.
<b>D.</b>	<b>Credits not used by the company</b>	<b>72,694</b>
<b>E. Complementary pension scheme</b>		
a.	Description of the systems	
-	System based on "objective to be reached" The senior staff recruited before 1 May 1999 as well as the statutory staff 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 recruited after 1 May 1999 receives 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 31-12-2003	On 31-12-2002	On 31-12-2003	On 31-12-2002
<b>1. Financial assets</b>				
- Participating interest	88	88	22,614	25,018
- Amounts receivable	0	0	0	0
<b>2. Amounts receivable</b>				
- Within one year	133,995	148,884	0	0
- After one year	291,264	325,002	0	0
<b>3. Investments</b>				
- Amounts receivable	345,578	151,778	0	0
<b>4. Amounts payable</b>				
- Within one year	150,396	166,652	494	562
<b>7. Financial results</b>				
Income from financial assets	0	0	4,474	4,343
Income from current assets	10,584	12,739	0	0
Interest and other debt charges	2,671	4,239	0	0

## XVII. DIRECTORS

2.a. Direct and indirect remuneration to the directors 100

# Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2003

## TO THE SHAREHOLDERS' MEETING OF THE COMPANY

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 December 31, 2003, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of € 1,547,353 (000) and an income statement resulting in a consolidated profit for the year of € 218,369 (000). 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 December 31, 2003 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 consolidated financial statements:

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

Antwerpen, March 12, 2004

**The Statutory Auditor,**

**DELOITTE & TOUCHE**  
Reviseurs d'Entreprises SC s.f.d. SCRL  
Represented by Jos VLAMINCKX

# Statutory financial state

ANNUAL REPORT 2003





**ments**



of Distrigas S.A.  
**Balance sheet**  
 on 31 December 2003

**ASSETS** (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>Fixed assets</b>	<b>53,728</b>	<b>43,495</b>	<b>10,233</b>
Intangible assets	45	42	3
Tangible assets	2,543	2,967	-424
Financial assets	51,140	40,486	10,654
<b>Current assets</b>	<b>1,184,953</b>	<b>1,123,645</b>	<b>61,308</b>
Stocks and contracts in progress	107,516	181,500	-73,984
Amounts receivable within one year	495,843	559,867	-64,024
Investments	568,558	333,812	234,746
Cash at bank and in hand	1,182	36,815	-35,633
Deferred charges and accrued income	11,854	11,651	203
	<b>1,238,681</b>	<b>1,167,140</b>	<b>71,541</b>

**LIABILITIES** (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>Capital and reserves</b>	<b>192,423</b>	<b>158,626</b>	<b>33,797</b>
Capital	66,228	66,228	0
Share premium account	41	41	0
Revaluation surpluses	1,494	1,494	0
Reserves	123,233	89,233	34,000
Profit carried forward	1,427	1,630	-203
<b>Provisions and deferred taxes</b>	<b>166,474</b>	<b>210,893</b>	<b>-44,419</b>
<b>Amounts payable</b>	<b>879,784</b>	<b>797,621</b>	<b>82,163</b>
Amounts payable after one year	9,489	7,488	2,001
Amounts receivable within one year	735,204	622,287	112,917
Accrued charges and deferred income	135,091	167,846	-32,755
	<b>1,238,681</b>	<b>1,167,140</b>	<b>71,541</b>



of Distrigas S.A.

# Income statement

on 31 December 2003

## INCOME STATEMENT (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
Operating income	3,731,361	3,472,005	259,356
Operating charges	3,552,494	3,438,021	114,473
<b>Operating results</b>	<b>178,867</b>	<b>33,984</b>	<b>144,883</b>
Financial income	27,532	23,801	3,731
Financial charges	6,334	15,825	-9,491
<b>Financial result</b>	<b>21,198</b>	<b>7,976</b>	<b>13,222</b>
<b>Profit on ordinary activities before taxes</b>	<b>200,065</b>	<b>41,960</b>	<b>158,105</b>
Extraordinary income	0	16,607	-16,607
Extraordinary charges	108	0	108
<b>Extraordinary result</b>	<b>-108</b>	<b>16,607</b>	<b>-16,715</b>
Income taxes	-64,756	-19,911	-44,845
<b>Profit for the year</b>	<b>135,201</b>	<b>38,656</b>	<b>96,545</b>

## APPROPRIATION ACCOUNTS (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>A. Profit available for appropriation</b>	<b>136,831</b>	<b>40,187</b>	<b>96,644</b>
1. Profit for the year available for appropriation	135,201	38,656	96,545
2. Profit brought forward	1,630	1,531	99
<b>B. Drawings on capital and reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
2. On reserves	0	0	0
<b>C. Appropriation to capital and reserves</b>	<b>34,000</b>	<b>17,000</b>	<b>17,000</b>
2. To the statutory reserve	0	0	0
3. To other reserves	34,000	17,000	17,000
<b>D. Result to be carried forward</b>	<b>1,427</b>	<b>1,630</b>	<b>-203</b>
1. Profit to be carried forward	1,427	1,630	-203
<b>F. Distribution of profit</b>	<b>101,404</b>	<b>21,557</b>	<b>79,847</b>
1. Dividends	101,404	21,557	79,847

If the above distribution is accepted, and taking into account the tax requirements, the net dividend after withholding tax would be € 108.24 against € 23.01 for the year 2002.



# Additional information

on Distrigas S.A.  
on 31 December 2003

## STATEMENT OF CAPITAL (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>A.1. Issued capital</b>			
At end of previous year	66,228	66,228	0
Changes during year		0	0
At year end	66,228	66,228	0
<b>A.2. Structure of the capital</b>			
Registered shares	621,977	621,977	0
Bearer shares	80,659	80,659	0

## G. Shareholder structure

Declared by	Date of declaration	Type of share	Number of voting rights declared	%
Suez-Tractebel S.A.*	12-12-2003	A & D	270,194	38.45
Distrihold S.A. (connected to Tractebel)*	12-12-2003	A	117,696	16.75
Publigas*	12-12-2003	B	116,812	16.62
Belgian Shell S.A.*	12-12-2003	C	117,106	16.67
			<b>621,808</b>	<b>88.49</b>

\* acting in concert

**TAXES** (IN THOUSAND EURO)

	31-12-2003	31-12-2002	Difference
<b>A. Breakdown of heading 670/3</b>			
1. Income taxes for the current year	64,889	19,911	44,978
a) Taxes and withholding taxes due or paid	89,508	21,695	67,813
b) Excess of income tax prepayments and withholding taxes included in assets	-24,619	-1,784	-22,835
<b>B. Discrepancy between profit before taxes and estimated taxable profit</b>			
Profit before taxes	199,957	58,567	141,390
Tax components:	-9,499	-9,625	126
- Income definitely taxed	0	-2,063	2,063
- Disallowed expenses	753	777	-24
- Exempted profit according to agreement	-10,252	-8,339	-1,913
<b>Total</b>	<b>190,458</b>	<b>48,942</b>	<b>141,516</b>

**Head office**

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