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Proximus NV van publiek recht/SA de droit public

**Statutory auditor's report on the statement
of assets and liabilities for the period ending
January 31, 2016 related to the proposed
change of the corporate goal**

The original text of this report is in Dutch/French

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1. Introduction

In the context of the planned change of the corporate goal of Proximus NV van publiek recht / SA de droit public (hereafter "Proximus"), which will be proposed to the extraordinary shareholders meeting of April 20, 2016, and in accordance with Article 559 of the Companies Code, we have performed a limited review of the attached statement of assets and liabilities for the period ending January 31, 2016, which shows a balance sheet total of 17.430.947 (000) EUR. This statement of assets and liabilities was established under the responsibility of the board of directors.

Article 559 reads as follows (free translation):

"If a change in the bylaws relates to the corporate goal, the board of directors has to justify the proposed change in a report that is mentioned in the agenda of the shareholders meeting. A statement of assets and liabilities not older than three months is attached to this report. The statutory auditor reports separately on this statement.

A copy of these reports can be obtained according Article 535.

The absent of these reports leads to the invalidity of the decision of the shareholders meeting.

(...)".

2. Performed review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Remarks on the statement of assets and liabilities

The interim statement of assets and liabilities for the period ending January 31, 2016 was established under the responsibility of the board of directors in accordance with the accounting legislation and the company's accounting policies and is based on the accounting records of Proximus. The accounting policies are consistent with those used during previous accounting years.

4. Events after balance sheet date

On the date of the present report and based on our discussions with management no important events occurred after January 31, 2016, date of the interim statement of assets and liabilities, which could have a material impact.


5. Conclusion

Our audit did not reveal any facts or elements which could result in significant adjustments to the interim statement of assets and liabilities for the period ending January 31, 2016.

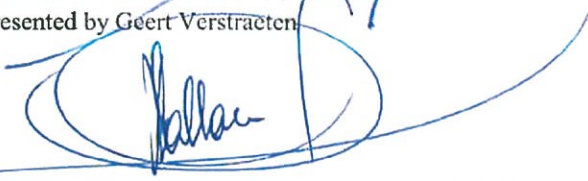
This report has been prepared for the sole use by the shareholders of the company in the context of the planned change of the corporate goal as described above and can therefore not be used for any other purpose.

Diegem, 26 February 2016

The joint auditors



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BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Geert Verstraeten



Luc CALLAERT BV o.v.v.e. EBVBA / SC s.f.d. SPRLU
Represented by Luc Callaert

- Enclosures:
1. Board of directors report
 2. Statement of assets and liabilities as of January 31, 2016 and the company's accounting principles.

**Special report of the Board of Directors
in conformity with Article 559 of Belgian Companies Code**

1. Introduction

This report is drafted by the Board of Directors of Proximus SA of public law, a public limited liability company under Belgian law, with registered office at 27, Boulevard du Roi Albert II, 1030 Brussels, RPM Brussels 0202.239.951 (the "Company") in accordance with article 559 of the Belgian Companies Code.

As required by article 559 of the Belgian Companies Code, the Board of Directors justifies the proposed modification of the corporate object of the Company in this report. The report also includes a statement of assets and liabilities as per 31 January 2016, attached as annex A. The Company's auditor will issue a separate report on the statement of assets and liabilities as legally required.

2. Proposed modification of the Company's corporate object

The current corporate object of the Company reads as follows:

"Article 3 – Corporate objects

The Company's objects are:

1. To develop telecommunications services in Belgium or elsewhere;
2. To perform all operations aimed at promoting, directly or indirectly, its activities or ensuring optimal use of its infrastructure;
3. To acquire public or private participating interests in Belgian, foreign or international bodies, companies or associations, whether public or private, existing or to be created, which may directly or indirectly contribute to the achievement of its corporate objects;
4. The provision of radio and TV broadcasting services."

The Board of Directors proposes to the shareholders to reformulate the corporate object as follows:

"Article 3 – Corporate objects

The Company's objects are:

1. To develop telecommunications services in Belgium or elsewhere;
2. To perform all operations aimed at promoting, directly or indirectly, its activities or ensuring optimal use of its infrastructure;
3. To acquire public or private participating interests in Belgian, foreign or international bodies, companies or associations, whether public or private, existing or to be created, which may directly or indirectly contribute to the achievement of its corporate objects;
4. The provision of radio and TV broadcasting services;
5. *The delivery of ICT and digital services.*

The Company may carry out all commercial, financial, technological and other acts that are directly or indirectly linked to its corporate object or which are useful for achieving this object."

3. Detailed justification of the proposed modification

The modification to the corporate object is proposed to better align the corporate object with the current and future activities of the Company. It intends to provide a clearer and more comprehensive description of the activities that the Company pursues, in view of rapidly evolving technological developments and a continuously changing market. The proposed modification is in line with the Company's statutory corporate purpose (as described in article 56 of the Law of 21 March 1991 on autonomous public sector enterprises), and for sake of transparency it is proposed to clarify the corporate object set forth in the bylaws so that the description of the corporate purpose would encompass the aforementioned technological developments and continuously changing market circumstances (resulting in the development of new activities).

In view of the above, the Board of Directors deems that the proposed modification of the corporate object is in the Company's best interest. The Board therefore requests the extraordinary general meeting of shareholders, to be held on 20 April 2016, to approve the proposed modification of the corporate object.

Brussels, 25 February 2016

For the Board of Directors



Dominique Leroy,
Chief Executive Officer



Stefaan De Clerck,
Chairman of the
Board of Directors

BALANCE SHEET

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28	15.399.547.713	
Formation expenses	5.1	20		
Intangible fixed assets	5.2	21	3.593.238.436	
Tangible fixed assets	5.3	22/27	2.520.450.183	
Land and buildings		22	144.875.351	
Plant, machinery and equipment		23	2.319.175.793	
Furniture and vehicles		24	24.198.782	
Leasing and other similar rights		25		
Other tangible fixed assets		26	32.200.257	
Assets under construction and advance payments		27		
	5.4/			
Financial fixed assets	5.5.1	28	9.285.859.094	
Affiliated enterprises	5.14	280/1	9.280.026.170	
Participating interests		280	9.280.026.170	
Amounts receivable		281		
Other enterprises linked by participating interests	5.14	282/3	3.720.404	
Participating interests		282	3.720.404	
Amounts receivable		283		
Other financial assets		284/8	2.112.520	
Shares		284		
Amounts receivable and cash guarantees		285/8	2.112.520	
CURRENT ASSETS		29/58	2.031.399.548	
Amounts receivable after more than one year		29	28.166	
Trade debtors		290		
Other amounts receivable		291	28.166	
Stocks and contracts in progress		3	114.796.339	
Stocks		30/36	96.630.779	
Raw materials and consumables		30/31	40.743.671	
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34	55.887.108	
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37	18.165.560	
Amounts receivable within one year		40/41	1.317.108.074	
Trade debtors		40	640.439.353	
Other amounts receivable		41	676.668.721	
Current investments	5.5.1/ 5.6	50/53	475.442.752	
Own shares		50	444.093.504	
Other investments and deposits		51/53	31.349.248	
Cash at bank and in hand		54/58	44.353.527	
Deferred charges and accrued income	5.6	490/1	79.670.690	
TOTAL ASSETS		20/58	17.430.947.261	

EQUITY AND LIABILITIES

	Notes	Codes	Period	Previous period
EQUITY		10/15	2.052.966.422	
Capital	5.7	10	1.000.000.000	
Issued capital		100	1.000.000.000	
Uncalled capital		101		
Share premium account		11		
Revaluation surpluses		12		
Reserves		13	738.954.045	
Legal reserve		130	100.000.000	
Reserves not available		131	460.767.552	
In respect of own shares held		1310	444.093.504	
Other		1311	16.674.048	
Untaxed reserves		132	10.429.043	
Available reserves		133	167.757.450	
Accumulated profits (losses)(+)/(-)		14	314.005.239	
Investment grants		15	7.138	
Advance to associates on the sharing out of the assets		19		
PROVISIONS AND DEFERRED TAXES		16	519.126.377	
Provisions for liabilities and charges		160/5	516.116.199	
Pensions and similar obligations		160		
Taxation		161		
Major repairs and maintenance		162		
Other liabilities and charges	5.8	163/5	516.116.199	
Deferred taxes		168	3.010.178	
AMOUNTS PAYABLE		17/49	14.858.854.462	
Amounts payable after more than one year	5.9	17	5.935.262.505	
Financial debts		170/4	5.757.783.439	
Subordinated loans		170		
Unsubordinated debentures		171	1.757.535.551	
Leasing and other similar obligations		172		
Credit institutions		173	4.000.247.888	
Other loans		174		
Trade debts		175	177.479.066	
Suppliers		1750	177.479.066	
Bills of exchange payable		1751		
Advances received on contracts in progress		176		
Other amounts payable		178/9		
Amounts payable within one year		42/48	8.751.131.388	
Current portion of amounts payable after more than one year falling due within one year	5.9	42	4.649.591.383	
Financial debts		43	2.692.238.795	
Credit institutions		430/8	2.692.238.795	
Other loans		439		
Trade debts		44	684.074.415	
Suppliers		440/4	684.074.415	
Bills of exchange payable		441		
Advances received on contracts in progress		46	3.095.774	
Taxes, remuneration and social security	5.9	45	349.042.192	
Taxes		450/3	157.710.783	
Remuneration and social security		454/9	191.331.409	
Other amounts payable		47/48	373.088.829	
Accrued charges and deferred income	5.9	492/3	172.460.569	
TOTAL LIABILITIES		10/49	17.430.947.261	

VALUATION RULES

The valuation rules comply with the terms of Chapter II of the R.D. of Jan 30, 2001.

These rules were approved and adapted by the Board of Directors at their meetings on May 27, 1993, Dec 4, 1997, Oct 22, 1998, Oct 28, 1999, Oct 26, 2000, April 25, 2002, Oct 23, 2003, Dec 13, 2004, Dec 18, 2008, Feb 24, 2011, March 1, 2012 and February 27, 2014.

BALANCE SHEET

FORMATION EXPENSES

The loan issue expenses are charged entirely to the year during which they are issued. Important formation expenses are capitalised and depreciated over a period of 5 years. The acquisitions of the year are depreciated pro rata temporis. Reorganisation costs are expensed.

INTANGIBLE ASSETS

The intangible assets are valued at the acquisition cost; this is the purchase price, production cost or the assigned value. General expenses are not incorporated.

For depreciations the straight line method is used. The acquisitions of the year are depreciated pro rata temporis.

Intangible assets with an unlimited useful life are not depreciated. These assets shall only be written down in case of a permanent impairment or diminution in value.

Intangible assets with a limited useful life are depreciated at a fixed rate using the following plan, established on the basis of economic criteria:

- Goodwill: 5 to 15 years
- Software: 5 years
- Network licenses: over the license period
- Rights to use, football and broadcasting rights: over the contract period
- Customer bases and trademarks: 3 to 10 years

The goodwill generated by the merger of beginning of 2010 is depreciated over 15 years. This depreciation period is justified by the long life character of the expected profitability of all the merged companies.

TANGIBLE ASSETS

Tangible assets are valued at their acquisition cost; this is the purchase price, production cost or the assigned value. General expenses are not incorporated.

Tangible assets with an unlimited useful life are not depreciated. These assets shall only be written down in case of a permanent impairment or diminution in value.

Tangible assets with a limited useful life are depreciated using the straight line method. The determination of the depreciable amount takes into account a residual value if it can be determined with sufficient precision, if it is significant and if its realization is sufficiently certain.

They are depreciated at a fixed rate using the following plan, established on the basis of economic criteria:

	Useful life (years)
Land and buildings	
- Land	indefinite
- Buildings and building equipment	22 - 33
- Facilities in buildings	3 - 10
- Leasehold improvements	3 - 10
Technical and network equipment	
- Cables and ducts	15 - 20
- Switches	8 - 10
- Transmission equipment	6 - 8
- Radio Access Network	6 - 7
- Mobile sites and site facility equipment	5 - 10
- Equipment installed at client premises	2 - 8
- Data and other network equipment	2 - 15
Furniture and vehicles	
- Furniture and office equipment	3 - 10
- Vehicles	3 - 10

Fixed assets held under leasing or other similar rights are depreciated according to the life period of the real property as mentioned in the contract.

Assets under construction and advance payments are depreciated over the life period of the assets to which they relate.

Fixed assets that are put out of order are valued at net book value or at their expected realisation value if lower. They are no longer depreciated.

The acquisitions of the year are depreciated pro rata temporis.

FINANCIAL ASSETS

Participating interests and shares are valued at their acquisition cost, which is the purchase price or the assigned value. Only the important ancillary costs are capitalised.

A write down is recorded if a durable permanent impairment or reduction in value of these assets is observed, based on the financial situation, the profitability or the prospects of the company in which the participating interests or shares are held, taking into account the CBN/CNC advice n° 126-8.

Receivables are booked at their nominal value. A write down is recorded when, at the due date, the payment is partially or entirely uncertain.

AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

Amounts receivables are booked at nominal value. Amounts receivable expressed in foreign currencies are converted to EUR at the rate in force on the date of booking of the outgoing invoice and are translated at the year-end rate.

A write down is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

STOCKS AND CONTRACTS IN PROGRESS

Inventories of consumables and goods for resale are booked at their acquisition cost.

At the time of the annual inventory, the Weighted Average Price method is used to assess the various subdivisions in this caption.

A write down is applied when the sales or market value is lower than the acquisition cost or to take into consideration the risks inherent to the nature of the products.

Contracts in progress and work in process are valued at production cost or at market price (if this is lower than the production cost).

The projects of the ICT activity (contracts in progress) are taken into result in function of their realisation percentage.

AMOUNTS RECEIVABLE WITHIN ONE YEAR

These amounts appear on the balance sheet at nominal value.

A write down is recorded on the nominal value when at the due date, the payment is partially or entirely uncertain.

Amounts receivable expressed in foreign currencies are converted into EUR at the rate in force on the date of entry of the outgoing invoice. At balance date they are translated at closing rate.

CURRENT INVESTMENTS

Current investments are valued at nominal value when they concern funds held in financial institutions and at acquisition cost, acquisition price without ancillary costs, in the other case.

A write-down is recorded on the nominal value or on the acquisition cost when the sales value on the closing date of the balance sheet is less than the previously booked value.

For the determination of the sales value of own shares the market value is taken into account on the one hand and the execution price of emitted share options for which these shares are held on the other hand.

Current investments in foreign currencies are translated into EUR at the rate in force on the closing date of the balance sheet.

CASH AT BANK AND IN HAND

Cash at bank and in hand is valued at nominal value. A write-down is recorded on the nominal value when the realisation value on the closing date of the balance sheet is less than the previously booked value. Cash at bank and in hand in foreign currencies is translated into EUR at the rate in force on the closing date of the balance sheet.

PROVISIONS AND DEFERRED TAXES

On the closing date of the balance sheet, an inventory is made of all foreseeable liabilities and contingent losses arising during the current year or during prior years. Provisions are established based on a reliable estimate of the risk on the moment of the establishment of the annual accounts.

In the framework of post employment benefits, a provision is made for as well the current as for the future beneficiaries of these benefits. For the current beneficiaries this provision is determined as the present value of the obligation for the accorded benefits. For future beneficiaries, this provision is constituted gradually in function of the number of years in service in order that, at the pension date, the provision reaches also the present value of the obligation for the accorded benefits.

The provision for damages concerning vehicles is constituted by the company as "own insurer" and is valued through an individualisation of all damages that occurred before 2014 and for which the costs will reasonably be bared by the company in future years.

Deferred taxes are booked in compliance with article 76 of the R.D. of January 30, 2001.

AMOUNTS PAYABLE WITHIN ONE YEAR AND AFTER MORE THAN ONE YEAR

Amounts payables appear on the balance sheet at nominal value.

Amounts payable in foreign currencies are converted into EUR as follows:

- loans in foreign currencies at the rate in force at the time the loan is concluded;
- trade debts at the exchange rate on the date of entry of the incoming invoice.

Trade debts and financial debts, not covered against exchange risks, expressed in foreign currencies are translated at closing rate.

TRANSLATION DIFFERENCES

Exchange gains and losses resulting from the translation are taken in the income statement.

INCOME STATEMENT

The items in the income statement are valued at nominal value. Own construction is booked at production cost excluding indirect costs.

TURNOVER

Revenue is registered in the period to which they refer, regardless of their payment.

The turnover takes commercial and volume discounts into account.

Specific revenue streams and related recognition criteria are as follows:

- revenue from fixed line, mobile and carrier traffic is recognized on usage.
- revenue from connection fees and installation fees is recognized in income at the time of connection or installation.
- revenue from sales of communication equipment is recognized upon delivery to the third party distributors or upon delivery by the own Proximus shops to the end-customer.
- revenue relating to the monthly rent, the monthly subscription fee and access fees in the framework of fixed and mobile telephony, internet and digital television are recognized in the period in which the services are provided.
- prepaid revenue such as revenue from pre-paid fixed and mobile phone cards is deferred and recognized based on usage of the cards.
- maintenance fees are recognized as revenue over the maintenance period on a pro-rata basis.
- revenue from the ICT activity linked to projects is recognized in the result in function of the realization percentage.

RIGHT AND COMMITMENTS NOT ACCRUED IN THE BALANCE SHEET

The rights and commitments not accrued in the balance sheet are mentioned in the notes, per category, at the nominal value of the commitment in the contract, or failing that, at their estimated value.