

Annual report for **2006**

Annual financial statements

Presented by the Board of Directors
to the Shareholders' Meeting held on 11 May 2007



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Introduction

Presentation of the company

Infrabel is the Belgian rail infrastructure manager, and was created on 29 October 2004 in the form of a public corporation, in application of the European directives advocating separation between rail infrastructure management and transport operations.

Its articles of incorporation were published in the Royal Decree of 19/10/2004.

The company's registered office is located at rue Bara 110 in 1070 Brussels.

Financial year

The financial year begins on January 1 and ends on December 31 of each year.

Capital

The capital consists of 14,500,615 registered shares, without any indication of par value.

As of 31/12/2006, the situation of the shareholding structure looks as follows:

- the Belgium State held 1,064,746 shares, namely 7.34% of the capital
- SNCB-Holding held 13,435,869 shares, namely 92.66% of the capital.

Even though the Belgian State holds only a minority of shares, it has 80% + 1 vote when it comes to decision-making in the company's management organs.

The annual financial statements are filed with the Banque Nationale de Belgique (National Bank of Belgium).

Printed copies of the annual report are available from the company's registered office and will be sent to persons requesting them.

The annual report is also available on the company's Web site: www.infrabel.be

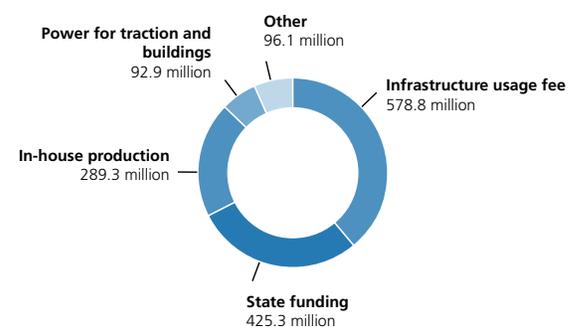
Basic figures

EBITDA and EBT

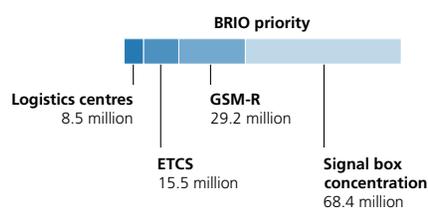
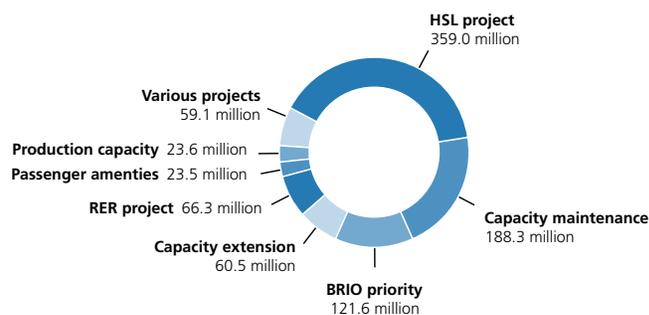
in millions of €	
Operating income	1,482.44
Operating costs ⁽¹⁾	1,424.68
Operating cash flow (EBITDA)	57.76
Depreciation, value reductions and provisions	84.88
Operating profit (EBIT)	-27.12
Financial result	74.63
Exceptional result	-7.37
Global result (EBT)	40.14

(1) Without depreciation and provisions

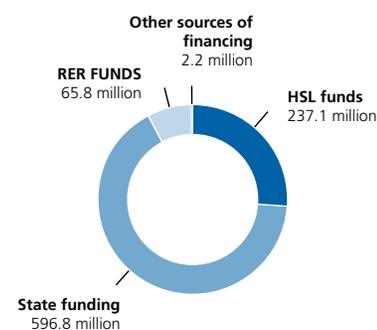
Operating income



Realized investments (CAPEX)



Investment financing



Balance sheet

The Infrabel balance sheet as of 31/12/2006 stood at a total amount of **5,386,846,360.90 €** compared with a total of 4,616,535,206.48 € on 31/12/2005.

The balance sheet is presented in the following pages with the amounts, by headings, of assets and of liabilities.

Annual report by the Board of Directors to the shareholders' meeting held on 11 May 2007

The Board of Directors is pleased to present its report to you concerning the company's situation and earnings during financial year 2006, in accordance with the legal provisions and the articles of incorporation.

1. Company's situation

1.1. Important events in 2006

The Infrabel Board of Directors approved the BRIO ("Belgian Railway Infrastructure Objectives") strategic plan on the basis of a definitive reading on 6 February 2006. That date also marks the end of negotiations relative to SNCB group's consolidated company plan. Thus the year 2006 was strongly marked by the start-up to implementation of the BRIO plan, which is aimed at substantially modernising the industrial tool. A special Unit was established to manage execution of the BRIO plan to develop professional reporting. Numerous actions aimed at speeding the process of implementing the strategic priorities could thus be quickly undertaken. Some collaborative efforts were developed with industrial partners in connection with rail signal systems. TUC RAIL was asked to handle a substantial part of the cabin concentration project. The construction of some new technical buildings was assigned to the Euroliège TGV (High-Speed Train) and Eurostation subsidiaries. Finally, some concrete and ambitious objectives were laid down for each of the 22 priorities covered by the plan. The merger of the dispatchings within a new traffic control centre, on 9 December 2006, constitutes the first major result of the new dynamics.

On 20 July 2006, the Council of Ministers approved the 1st rider to the Management Contract that settled several financial questions by providing the guarantees needed by Infrabel: definitive breakdown of the operating and investment funding among the three companies of SNCB group, indexation of the RER fund, conclusion by the State of a borrowing to make it possible to complete the TGV work, and determination of the principles governing the financing of the PPP operations and the pre-financing relative to the priority projects.... Some conventions relative to the latter two points were concluded in December 2006.

The negotiations relative to the 2008-2012 investment plan got underway at the start of 2006 with a view to approval at the beginning of 2007.

For the first time, a pre-figuration of the investment budget was established before summer, so as to provide better financial visibility for the persons responsible for the work.

The modification of the structure of the Rail Infrastructure Fund on 10 November 2006 as well as the transposition of the 2nd rail package by the Laws of 4 and 19 December 2006 imply a change in relationships with the FIF, on one hand, and with the State on the other.

On November 1, an adaptation of the organisation chart made it possible to emphasise the specialities and the domains most heavily involved in the BRIO plan, namely, electricity, safety and the clientele approach.

This adaptation also made it possible to complete the consolidation of the company's structure by creation of a division bearing special responsibility for managing the ownership assets, and a division responsible for occupational safety.

Finally, in December 2006, the commissionings of the Bruxelles-Midi viaduct, of the Schaerbeek viaduct and of the Louvain curve made a remarkable improvement possible in the travel times of TGV travellers and for shuttle users living in the Eastern part of the country.

1.2. Company's positioning

Infrabel, a manager of the Belgian rail infrastructure, had 3 customers as of 1 January 2006: the SNCB, DLC and the SNCF-Fret.

On 5 January 2006, a 4th operator, Rail4Chem, and on 11 December 2006, a 5th one, Trainsport, obtained their safety certificate from the Minister of Mobility. Rail4Chem put its first train into operating on 3 May 2006.

At the end of 2006, ERS was in a position to file its application for a safety certificate.

Within of the liberalisation policy applying to the rail transport market initiated by the European Commission as of 1991, Infrabel, in particular, is having to cope with an ever more marked multi-operator environment.

To meet the challenges resulting from this new reality, the Department of Access to the Network has taken care, under non-discriminatory conditions, to develop quality relationships with all customer railway companies.

That department has also strengthened the functions connected with safety management and risk management.

The pricing grid guarantees a competitive position with respect to the neighbouring and competing infrastructure managers.

Expressed in terms of train x km, the rail business increased both in the passenger domain (+ 1.7%) and in connection with freight (+ 4.6%). The continuous rationalisation of the operators' production processes is resulting in a slight decline in the number of grooves, without influencing the global traffic volume.

The receipt coming from the fee for infrastructure use are clearly tending upward.

After the infrastructure fee, the 2nd main source of Infrabel sales is the public funding of operations, the level of which was definitively set on 20/07/2006, in the first rider to the Management Contract.

The traditional investments are guaranteed by payment of the public funding by the State, pursuant to the management contract. The conclusion of conventions relative to completion of the TGV work and to financing of priority projects offers an additional guarantee level with respect to availability of resources.

1.3. Important events occurring since the end of the financial year

On 10 January 2007, a convention concluded with the SNCB-Holding definitively established the list of additional land conveyances.

On 1 March 2007, the Board of Directors decided to set up a European Economic Interest Grouping with Réseau Ferré de France and the CFL in order to promote the Antwerp-Basil/Lyon C Corridor thanks to its ETCS equipment.

1.4. Circumstances that could have a marked influence on the company's development

Among the events that may have a marked influence in Infrabel operation we must certainly include the results of the impending negotiations on the 2nd Management Contract, any fundamental revision that might occur of the strategy followed by the main customer, the SNCB, and any hypothetical changes in the institutional framework in the transport field.

1.5. Research and development

Infrabel continuously improves the technology that it uses, particularly in connection with modernisation of its industrial tool. For instance, the implementation of the ETCS mobilised an enormous amount of energy in 2006.

1.6. Branches

Outside the 375 work units, Infrabel has 2 direct subsidiaries: TUC RAIL S.A. and Chantier de Créosotage de Bruxelles S.A., which are active, respectively, in the field of design work and rail infrastructure work, and in the domain of creosoting.

TUC RAIL SA has developed a strategic plan aimed at spelling out its objectives and its future positioning. The plan was approved by the Infrabel Board of Directors on 25 January 2007.

1.7. Key indicators

Infrabel uses several key indicators, the list of which was completed in 2006 in connection with implementation of the BRIO strategic plan. The values mentioned below relative to the years prior to 2006 are provided on an indicative basis.

The fact is that certain ones among them applied to a reality that has changed markedly as between the old and the new rail group structure.

The principal Infrabel indicators are as follows:

	2003	2004	2005	2006
A				
Number of grooves (in millions)	-	-	1.987	1.854
Number of corresponding trains-kms (in millions)	106.3	106.8	102.6	104.9
B				
EBT (global result)	-	-	+ 49.01	+ 40.14
C				
Punctuality of domestic service passenger trains with neutralisation	95.3%	95.7%	94.8%	94.00%
Same without neutralisation	92.6%	93.2%	91.9%	90.60%
D				
Quality barometer relating to travellers carried in domestic service				
a) General satisfaction index	7.25	7.44	7.44	7.33
b) Train punctuality	6.74	7.00	6.99	6.64
c) Quality of the information in the stations	7.28	7.39	7.38	7.27
E				
Staff expressed in full-time equivalents as of December 31 of the year	-	14,350	13,628	13,488

2. Financial information concerning financial year 2006

2.1. Balance sheet

The balance sheet as of 31.12.2006, compared with the situation on 31.12.2005, can be summed up as follows:
(in millions of euros):

Assets

in millions of €	31.12.2006	31.12.2005
FIXED ASSETS	4,354.32	3,517.17
I. Set-up expenses	0.1	0.15
II. Intangible fixed assets	1,350.39	1,359.04
III. Tangible fixed assets	3,000.41	2,154.43
IV. Financial assets	3.42	3.55
CURRENT ASSETS	1,032.53	1,099.37
V. Receivables at more than one year	7.85	7.87
VI. Stocks and orders in progress	150.14	139.31
VII. Receivables at one year at most	632.39	589.9
VIII. Cash investments	229.93	351.83
IX. Liquid assets	0.05	0.06
X. Adjustment accounts	12.17	10.4
TOTAL ASSETS	5,386.85	4,616.54

The company's balance sheet as of 31 December 2006 comes to a total of 5,386.85 million € compared with 4,616.54 million € on 31 December 2005.

The fixed assets increased by 837.15 million €, this mainly with respect to the intangible fixed assets.

During the financial year, some substantial investments were made in rail infrastructure, the main ones being as follows:

- 359 million € for HSL project;
- 66 million € for the RER;
- 188 million € for capacity maintenance;
- 68 million € for signal box concentration;
- 60 million € for capacity extension;

Liabilities

in millions of €	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY	4,686.81	4,034.4
I. Capital	1,450.06	1,450.06
II. Issue premiums	299.32	299.32
IV. Reserves	4.46	2.45
V. Carried forward result	84.7	46.56
VI. Capital subsidies	2,848.27	2,236.01
PROVISIONS	81.27	63.08
VII. Provisions	81.27	63.08
DEBTS (LIABILITIES)	618.77	519.06
VIII. Debts at more than one year	0.54	0.58
IX. Debts at one year at most	466.00	378.17
X. Adjustment accounts	152.23	140.31
TOTAL LIABILITIES	5,386.85	4,616.54

In addition, 8.7 million € were invested in Infrabel computerisation projects;

The current assets declined by 66.84 million €, the variation being mainly at the level of available means.

The company's shareholders' equity comes to 4,686.81 million €, 87% of the balance sheet total.

2.2. Income statement

The second financial year ends with an operating profit (EBITDA) of 57.76 million € and global positive earnings (EBT) of 40.14 million €.

in millions of €	31.12.2006	31.12.2005
SALES AND SERVICES	1,482.44	1,435.03
Sales	1,185.21	1,142.63
- infrastructure fee	578.83	490.86
- State funding	425.26	455.35
- other	181.12	196.42
Variation of current orders	3.12	2.57
In-house production	289.34	285.68
Other operating income	4.77	4.15
COST OF SALES AND SERVICES	1,424.68	1,373.53
Supplies and merchandise	125.96	108.17
Various services and goods	1,292.71	1,260.13
- payroll charges	698.90	689.04
- FIF indemnity	300.0	300.0
- other	293.81	271.09
Other operating charges	6.01	5.23
GROSS OPERATING PROFIT (EBITDA)	57.76	61.5
Depreciation, value reduction and provisions	84.88	65.44
NET OPERATING PROFIT (EBIT)	-27.12	-3.94
Financial result	74.63	54.82
Exceptional result	-7.37	-1.87
GLOBAL RESULT (EBT)	40.14	49.01

2.3. Management of the risks relating to financial instruments

Infrabel has entrusted SNCB-Holding with day by day management of its cash resources.

It concerns itself with cash pooling within SNCB group and, if appropriate, uses financial instruments on own account.

As of 31 December 2006, Infrabel did not have any risks relating to the use of the financial instruments.

2.4. Appropriation of the earnings

The profit to be appropriated amounts to:

- financial year profit to be appropriated: 40,143,328.04 €
- profit/loss carried forward from previous financial year: 46,562,792.60 €
- profit to be appropriated: 86,706,120.64 €

The Board of Directors proposes the following appropriation of net income:

- appropriation to the capital and to the premium on shares: 0.00 €
- funding of the legal reserve: 2,007,166.40 €
- transfer to the available reserves: 0.00 €
- carried forward to the following financial year: 84,698,954.24 €
- remuneration of the capital (dividend): 0.00 €
- profit to be paid to the directors: 0.00 €
- profit to be paid to the other allocatees: 0.00 €
- Total 86,706,120.64 €

The proposed appropriation of earnings mentioned above is inspired by the desire to guarantee the company of sufficient short-term financial resources and making normal and sound management of the business possible.

2.5 Auditors' additional assignments

None.

2.6. Valuation rules

The valuation rules applies at the time of the closeout of the financial year on 31 December 2006 were presented for information purposes to the executive committee on 7 March 2007 and to the Board of Directors on 29 March 2007. Those rules are unchanged by comparison with the ones applied to the accounting closeout on 31 December 2005.

The summary of the valuation rules is attached to the annual financial statements.

2.7. Conflicts of interest

During the previous financial year, there were no acts that gave rise to a conflict of interest between a director and the company in the meaning of article 523 of the Companies Code.

2.8. Proposed discharge for the Directors and the Auditors

The Shareholders' Meeting is requested to grant a discharge to the directors as well as to the auditors, and to approve the annual financial statements presented to you.

Established in Brussels, on 26 April 2007.

In the name of the Board of Directors,

Antoon Colpaert
Chairman of the Board of Directors

Luc Lallemand
Chief Executive Officer

Assets

amounts in €	Comments	31.12.2006	31.12.2005
FIXED ASSETS		4,354,317,798.65	3,517,165,819.69
Fixed assets	2	97,210.95	150,050.10
I. Set-up expenses	3	1,350,394,619.93	1,359,041,212.19
II. Intangible fixed assets	4	3,000,406,816.10	2,154,426,567.81
III. Tangible fixed assets		371,599,926.44	209,015,904.69
A. Lands and constructions		716,007,672.87	414,790,512.99
B. Installations, machines and toolings		19,563,241.64	20,641,796.02
C. Furniture and rolling stock		211,902,334.23	209,126,818.55
E. Other tangible fixed assets		1,681,333,640.92	1,300,851,535.56
F. Fixed assets in progress and down payments made		3,419,151.67	3,547,989.59
IV. Financial assets	5	3,417,893.49	3,546,731.41
A. Affiliated companies		2,667,893.49	2,646,731.41
1. Profit-sharing		750,000.00	900,000.00
2. Receivables		1,258.18	1,258.18
C. Other financial assets		750.00	750.00
1. Shares and partnership shares		508.18	508.18
CURRENT ASSETS		1,032,528,562.25	1,099,369,386.79
V. Receivables at more than one year		7,852,789.11	7,872,489.46
A. Commercial receivables		22,783.64	22,489.46
B. Other receivables		7,830,005.47	7,850,000.00
VI. Stocks and orders in progress	6	150,135,812.69	139,305,189.91
A. Stocks		143,237,038.12	137,587,776.62
1. Supplies and merchandise		130,866,152.59	123,080,680.64
2. Undergoing manufacture		12,370,711.53	14,507,095.98
6. Down payments		174.00	0.00
B. Orders in progress		6,898,774.57	1,717,413.29
VII. Receivables at one year at most		632,395,227.72	589,904,380.82
A. Commercial receivables		140,813,756.40	164,952,333.93
B. Other receivables		491,581,471.32	424,952,046.89
VIII. Cash investments	7	229,926,000.00	351,828,000.00
B. Other investments		229,926,000.00	351,828,000.00
IX. Liquid assets		46,702.80	63,332.62
X. Adjustment accounts	8	12,172,029.93	10,395,994.13
TOTAL ASSETS		5,386,846,360.90	4,616,535,206.48

Liabilities

amounts in €	Comments	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY		4,686,808,040.39	4,034,402,502.27
I. Capital	9	1,450,061,500.00	1,450,061,500.00
A. Capital subscribed		1,450,061,500.00	1,450,061,500.00
II. Issue premiums		299,317,752.80	299,317,752.80
IV. Reserves		4,457,839.69	2,450,673.29
A. Legal reserves		4,457,839.69	2,450,673.29
V. Carried forward result		84,698,954.24	46,562,792.60
VI. Capital subsidies		2,848,271,993.66	2,236,009,783.58
PROVISIONS AND DEFERRED TAXES		81,271,581.39	63,075,785.50
PROVISIONS AND DEFERRED TAXES		81,271,581.39	63,075,785.50
VII. Provisions for contingencies and charges and deferred taxes		81,271,581.39	63,075,785.50
A. Provisions for contingencies and charges	10	6,995,968.90	0.0
3. Major maintenance	11 & 12	74,275,612.49	63,075,785.50
DEBTS (LIABILITIES)		618,766,739.12	519,056,918.71
VIII. Debts at more than one year		535,002.04	577,510.79
D. Other debts		535,002.04	577,510.79
IX. Debts at one year at most		466,002,716.93	378,171,825.64
A. Debts at more than one year coming due during the year		0.0	16,944.03
C. Commercial liabilities		411,289,274.31	339,969,997.68
1. Trade accounts payable		411,289,274.31	339,969,997.68
D. Down payments received on orders		2,399,103.03	1,862,856.80
E. Taxation, payroll and social (labour) liabilities		8,966.66	35,599,712.37
1. Taxes		2,684.88	35,593,492.50
2. Remuneration and social charges		6,281.78	6,219.87
F. Other liabilities		52,305,372.93	722,314.76
X. Adjustment accounts	13	152,229,020.15	140,307,582.28
TOTAL LIABILITIES		5,386,846,360.90	4,616,535,206.48

Explanation of the balance sheet

Intangible fixed assets

The intangible fixed assets include, on one hand, the right to operate the Belgian network with a book value of 1,332,525,252.52 €. This operating right is depreciated on a straight-line basis over a period of 99 years. On the other hand, they include the amounts invested in software for internal applications that are developed by the SNCB-Holding on behalf of the Infrabel. The book value of those software items is 17,869,367.41 €.

See also the comments concerning the annual financial statements - Report 3.

Tangible fixed assets

Infrabel has a substantial annual investment budget. The company's investments relate, in particular, to extension, modernisation and maintenance of the traditional infrastructure.

In addition, Infrabel invests substantial amounts on behalf of completion of the HSL infrastructure work border to border, in projects aiming at better accessibility from Brussels (RER), projects for maintenance and extension of the infrastructure capacity, and investment projects provided for in the BRIO strategic plan, such as the GSM-R project, signal box concentration and the ETCS system... The net increase in tangible fixed assets by comparison with the situation on 31 December 2005 is 839,572,565.10 € (excluding work done by third parties). That increase is the difference between the new investments amounting to 894,574,412.70 € and the cumulative depreciation in an amount of 55,001,847.60 €.

The increase of the fixed assets results mainly at the level of the following headings (in millions of €):

See also the comments concerning the annual financial statements - Reports 4.

Increase of investments

in millions of €				
	Classical investments	HST-investments	GEN-investments	Total
Lands and parking areas	2.7	0.99	14.44	18.13
Buildings	34.6	29.86	1.29	65.75
Structures (bridges, tunnels...)	63.6	80.85	11.78	156.23
Track installations	189.72	105.08	32.35	327.15
Signal installations	108.44	36.87	3.73	149.04
Lighting, Heating and Power	23.19	33.26	0.08	56.53
Telecommunications Installations	45.24	2.09	0.08	47.41
Catenaries	39.17	17.51	2.03	58.71
Workshop installations	2.93	0.0	0.0	2.93
Equipment and other	11.86	0.84	0.0	12.7
TOTAL	521.45	307.35	65.78	894.58

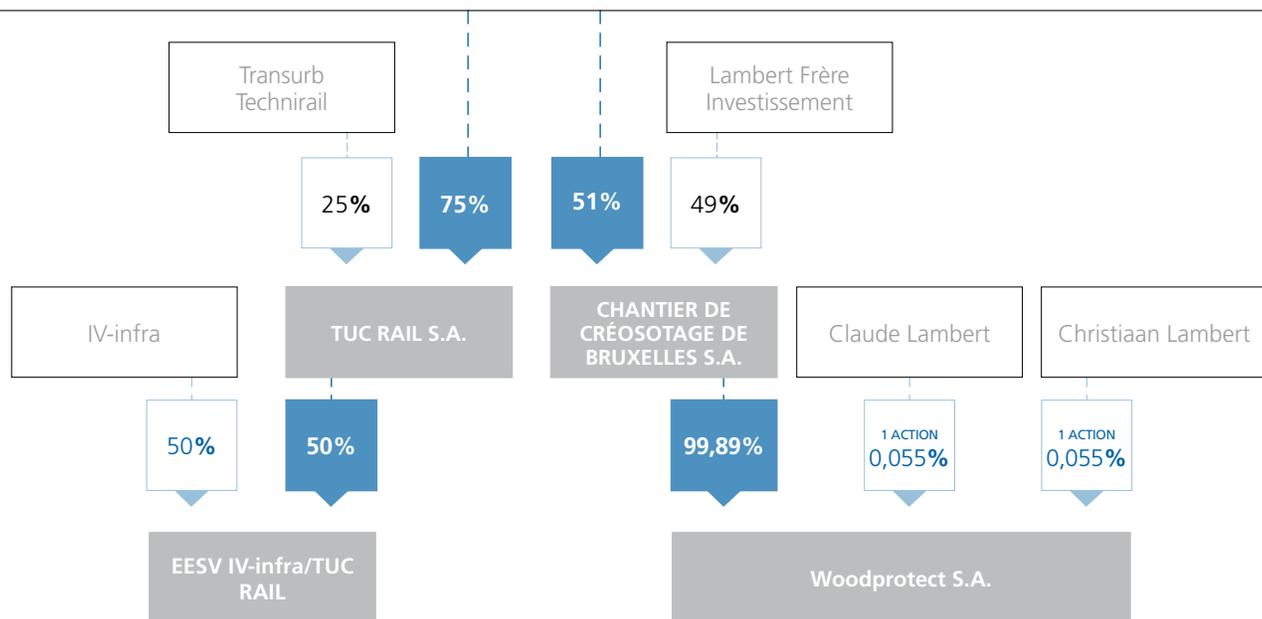
Financial assets

The company holds an interest amounting to 2,667,893.49 € in its subsidiaries, broken down as follows:

- Tuc Rail S.A. for 1,487,361.15€,
- Chantier de créosotage de Bruxelles S.A. for 1,180,532.34 €

In addition, the company has a claim amounting to 750,000.00 € on S.A. Woodprotect.

The structure of the holdings in the subsidiaries' capital appears in the following diagram.



Stocks and orders in progress

The company has a total amount of 143,237,038.12 € in stocks in its balance sheet. A substantial part of those stocks concern special supplies for the infrastructure, particularly rails, switches, attachment means, etc., amounting to 78.60 million €.

The stock on the spot at the job sites along the tracks amounts to 28.85 million €.

The other articles, such as oils, metals, electrical equipment, solid and liquid fuels, etc. amount to 35.79 million €.

The orders in progress for third parties come to 6.90 million €, of which 3.33 million € are to be invoiced to S.A. SPV 162, created in connection with the modernisation work on the Brussels-Luxembourg route.

See also the comments concerning the annual financial statements - Reports 6.

Receivables at one year at most

The commercial receivables amount to 632,395,227.72 €, consisting of commercial receivables coming to 140,813,756.40 € and other receivables amounting to 491,581,471.32 €.

The commercial receivables on the SNCB amount to 67.44 million €. This relates mainly to the invoice for the infrastructure fee for the month of February 2007. The infrastructure fees are invoiced for two months in advance. The commercial receivable on the RER fund comes to 38.11 million €.

The other receivables include, in particular, a receivable on the SNCB-Holding to make it possible to finance the balance of the TGV work in accordance with the scheduled plan (263.87 million €) as well as a claim on the State relative to the operating and investment funding to be received amounting to 163.72 million € and an amount of VAT to be recovered from the Finance Ministry coming to 20.62 million €.

Cash investments and liquid assets

As of 31 December 2006, Infrabel held cash amounting to 229,972,702.80 €. The available cash resources have been invested, on one hand, in connection with cash pooling with the SNCB-Holding, and on the other hand with financial institutions.

The cash movements as well as the way they are generated are incorporated into the cash flow model appearing below. For development of that overview of the cash flow, the indirect method has been used. The cash flows have been reconstituted by the net profit to be corrected by the operations that are not of a monetary nature, such as the provisions, the capital losses and the depreciation, as well as the modifications of the operating capital need.

See also the comments concerning the annual financial statements - Report 7.

Cash flow table

	31.12.2006
Operating activity	
Company net income	40,143,328.04
Headings with no cash effect included in the company's net income	33,476,398.21
- Depreciation of fixed assets	70,929,705.78
- Depreciation of the capital subsidies	-57,292,802.77
- Value reductions	1,643,699.31
- Provisions for contingencies and charges	18,195,795.89
Gross means generated by the company's operating activity	73,619,726.25
Variation of stocks	-13,826,655.08
Variation of commercial receivables	25,510,610.74
Variation of receivables relative to State funding	20,355,272.54
Variation of commercial liabilities	71,276,767.88
Variation of adjustment accounts	7,085,853.05
Variation of VAT current account	-56,205,381.86
Variation other operating capital	-241,329.68
Net means generated by the operating activity	127,574,863.84
Investment activity	
Investment in intangible fixed assets	-7,271,238.25
Investment in tangible fixed assets	-900,939,781.05
Revenue from sale of fixed assets	125,039.00
Investment in financial fixed assets	150,000.00
Net means generated by the investment activity	-907,935,980.30
Financing activity	
Capital subsidies of the supervisory State for financing assets	649,855,011.67
Third party interventions for financing assets	8,587,474.97
Means generated by the financing activities	658,442,486.64
Increase of cash investments and cash equivalents	-121,918,629.82
Cash investments and cash equivalents at the financial year start	351,891,332.62
Effect of exchange differences on the cash investments and cash equivalents	0.0
Investments of cash and cash equivalents at the end of the year	229,972,702.80

Shareholders' funds

The shareholders' funds come to 4,686,808,040.39 €, and may be summed up as follows:

- Capital in an amount of 1,450,061,500.00 €
- Issue premiums in an amount of 299,317,752.80 €
- Reserves amounting to 4,457,839.69 €
- Carried forward result amounting to 84,698,954.24€

- Capital subsidies in an amount of 2,848,271,993.66 €.

The increase of the capital subsidies by comparison with the situation in the previous financial year concerns new capital subsidies, primarily the funding received from the supervisory authority in an amount of 669,555,012.85 € reduced by the depreciation coming to 57,292,802.77 €.

See also the comments concerning the annual financial statements - Report 9.

Provisions and deferred taxes

Infabel has set aside provisions in its balance sheet to cover all of the known important risks and obligations in a total amount of 81,271,581.39 €.

The provisions set aside relate to the following:

- to the provisions for paintwork on large bridges: 5,682,995.24 €
- to the provisions for overhaul of heavy equipment (examples: ballast finishing machine, tamping device...): 1,312,973.66 €
- to the provisions for remediation of contaminated soils: 31,497,274.96 €
- to the provisions for clearing wood waste that is not reusable: 2,344,400.00 €
- to the integration of the Schaarbeek and Etterbeek infrastructure workshops: 15,000,000.00 €
- to the provisions for uninsured risks and disputes: 25,433,937.53 €

See also the comments concerning the financial statements - Reports 10, 11 and 12.

Debts (liabilities)

Infabel has no financial debts (liabilities) as of 31 December 2006.

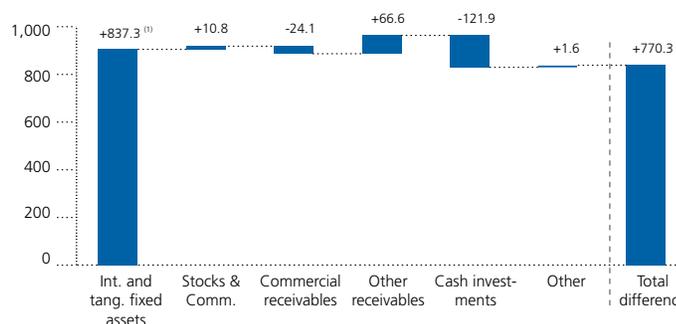
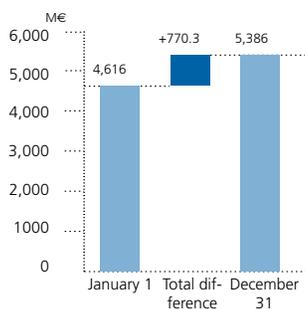
The short- and long-term debts amount to 466,537,718.97 €, and may be broken as follows:

- commercial debts in an amount of 411,289,274.31 €
- advances received coming to 2,399,103.03 €
- tax liabilities amounting to 8,966.66 €
- other liabilities: 52,305,372.93 €

The other liabilities are due to a great extent to application of the programme law of 26 December 2006, which specifies that the investment subsidies not used during the financial year must be temporarily retransferred to the State.

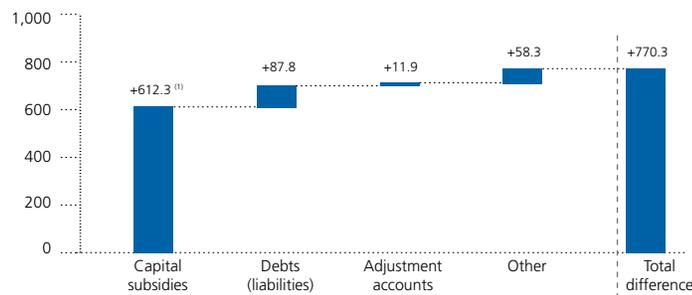
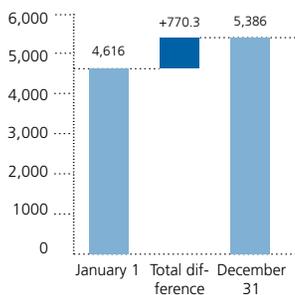
The modifications of the balance sheet by comparison with 26 December 2006 may be briefly summed up as follows:

Mutation of the assets



(1) New investments: 908.2 million €. Depreciation: 70.9 million €

Mutation of the liabilities



(1) New capital subsidies: 669.6 million €. Depreciation: 57.3 million €

Detailed income statement 2006

amounts in €		
	2006	2005
I. Operating income	1,482,443,808.29	1,435,034,513.86
A. Sales	1,185,208,089.47	1,142,631,674.39
B. Variation of production in progress, of finished products and of orders being executed	3,119,721.11	2,568,350.95
C. In-house production	289,345,288.63	285,676,402.57
D. Other operating income	4,770,709.08	4,158,085.95
II. Operating costs	1,509,558,221.12	1,438,975,584.16
A. Supplies and merchandise	125,963,720.03	108,167,522.82
1. Purchases	136,670,479.87	108,925,770.38
2. Variation of stocks	-10,706,759.84	-758,247.56
B. Services and various goods	1,292,711,256.84	1,260,129,637.12
D. Depreciation and value reductions on set-up expenses, and on intangible and tangible fixed assets	66,649,676.60	61,052,384.28
E. Value reductions on stocks, on orders in progress and on commercial receivables	3,279,845.84	-431,740.63
F. Provisions for contingencies and charges	14,951,850.93	4,822,455.50
G. Other operating charges	6,001,870.88	5,235,325.07
III. Operating profit	-27,114,412.83	-3,941,071.30
IV. Financial income	80,746,282.41	66,749,549.11
A. Income from financial assets	51,817.50	59,985.00
B. Income from current assets	23,365,049.41	17,219,381.00
C. Other financial income	57,329,415.50	49,470,183.11
V. Financial charges	6,117,846.08	11,929,823.93
A. Charges of debts	1,230,653.86	487,859.36
B. Value reductions on current assets other than the ones mentioned in II. E.	-1,636,146.53	428,951.79
C. Other financial charges	6,523,338.75	11,013,012.78
VI. Current net income before tax	47,514,023.50	50,878,654.88
VII. Extraordinary income	268,889.67	329,048.32
A. Write-backs of depreciation and of value reductions on intangible and tangible fixed assets	72,799.66	120,641.46
B. Write-backs for value reductions on financial assets	21,162.08	19,574.29
D. Capital gains on realisation of fixed assets	124,579.21	153,898.96
E. Other extraordinary income	50,348.72	34,933.61
VIII. Extraordinary charges	7,639,585.13	2,194,471.12
A. Extraordinary depreciation and value reductions on set-up expenses, and on intangible and tangible fixed assets	4,395,640.17	2,177,378.30
C. Provisions for extraordinary risks and charges	3,243,944.96	3,885.00
D. Capital losses on realisation of fixed assets	0.0	11,904.76
E. Other extraordinary charges	0.0	1,303.06
IX. Financial year net income before taxes	40,143,328.04	49,013,232.08

Detailed income statement 2006

amounts in €		
Appropriations and deductions	2006	2005
A. Profit to be appropriated	86,706,120.64	49,013,454.20
1. Financial year profit to be appropriated	40,143,328.04	49,013,232.08
2. Profit carried forward from the previous financial year	46,562,792.60	222.12
C. Appropriations to shareholders' equity	-2,007,166.40	-2,450,661.60
2. To the legal reserve	2,007,166.40	2,450,661.60
D. Net income to be carried forward	0.0	0.0
1. Profit to be carried forward	-84,698,954.24	-46,562,792.60

Explanation of the income statement

1. Sales

Total sales come to 1,185.21 million € and may be summarily presented as follows:

amounts in €	
	79.95%
I. Operating income	1,482,443,808.29
A. Sales	1,185,208,089.47
Infrastructure fee	578,827,282.65
State funding	425,261,117.00
Electricity for traction and the buildings	92,901,279.92
Investments and equipment sales for the SNCB-Holding	10,231,963.53
Investments and equipment sales for the SNCB	3,072,382.78
Other intragroup services for the SNCB-Holding	4,251,666.08
Other intragroup services for the SNCB	40,292,581.40
Sales of scrap metal	8,106,033.00
Services in connection with construction of the TGV lines	4,011,070.12
Contractual compensation	1,920,375.99
Services in connection with modernisation of the Brussels-Luxembourg 3 axis routes	8,928,028.82
Services delivered to the Rail Infrastructure Fund	1,000,000.00
Work of various types such as maintenance of various installations	2,662,683.14
Work of various types such as welding and rail cutting	3,741,625.04

The infrastructure fee represents 578.83 million € or 48.84% of sales.

Infrabel receives a fee from the various rail operators calculated per train-kilometre for use of the Belgian rail network, both for national and international passenger transport and for freight shipments. The share of passenger transport in the infrastructure fee is 92.89%, against 7.11% for freight shipments.

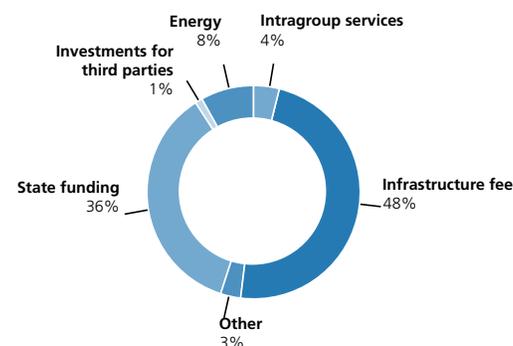
The business purpose of the company is to offer a quality rail infrastructure that is flawless and safe. Maintenance of that infrastructure is also part of the business purpose. To that end, the company obtained State funding amounting to 425.26 million €, namely 35.88% of sales.

Infrabel is also responsible for energy delivery for the entire SNCB group. That means re invoicing of the other SNCB group entities both the traction energy and for energy for the buildings. For the year 2006, the proceeds came to 92.90 million €.

The investments for third parties, equipment for third parties and the intragroup services concern invoicing of the other group entities. The intergroup proceeds come to 57.85 million €.

The sales remain high at 30.37 million €, generated mainly by the sale of scrapped metal made by the purchasing department, and then by the revenue coming from re invoicing for services performed for the Brussels-Luxembourg route charged to S.A. SPV 162.

Chart showing sales



2. In-house production

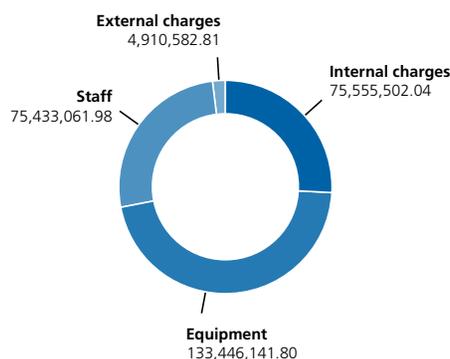
amounts in €	
	19.52%
I. Operating income	1,482,443,808.29
C. In-house production	289,345,288.63

Each company has its own means that it could use, in connection with its economic activity, for construction of tangible and intangible fixed assets. Those durable assets, investments made with the help of internal resources, are called “productions immobilisées” (in-house production or production of fixed assets by the company for itself).

The charges relative to time-spent work are neutralised by posting corresponding income, while the investments made are placed under assets in the balance sheet headings.

The charges leading to recording of income under the in-house production heading may be detailed as follows:

In-house production



3. Financial income

The financial income comes to 80.75 million €, resulting mainly from depreciation on the capital subsidies (57.31 million €). Alongside that, an amount of 23.36 million € comes from interest on investments.

amounts in €	
IV. Financial income	80,746,282.41
A. Income from financial assets	51,817.50
B. Income from liquidity	23,365,049.41
C. Capital and interest subsidies	57,314,964.43
D. Conversion foreign currencies	14,451.07

4. Supplies and merchandise

amounts in €	
8.34%	
II. Cost of sales and of services	1,509,558,221.12
A. Supplies and merchandise	125,963,720.03
1. Purchases	136,670,479.87
Rails	22,237,143.52
Ballast	13,042,427.20
Ties	31,362,882.37
Reinforcement means	5,731,382.24
Articles for catenaries	11,449,589.13
Other specific railway equipment	27,600,935.66
Other supply articles	25,246,119.75
2. Variation of stocks	-10,706,759.84
Variation of stocks of specifically railway articles	-6,892,230.59
Variation of stocks of other articles	-3,814,529.25

The amount of the charges for supplies and merchandise comes to 125.96 million €. The purchase of supplies for articles that are specific to the infrastructure is 111.42 million €. The purchases of general supplies amount to 14.54 million €.

5. Services and various items

amounts in €	
85.64%	
II. Cost of sales and of services	1,509,558,221.12
B. Various services and goods	1,292,711,256.84
Payroll charges	698,903,294.03
FIF allocation	300,000,000.00
Electricity	102,254,026.15
Investments for third parties	11,878,474.86
SNCB-Holding intragroup services	90,481,416.07
SNCB intragroup services	28,631,806.32
Other	60,562,239.41

The services and various items consist to an extent of 54.06% of payroll charges, in a total amount of 698.9 million €.

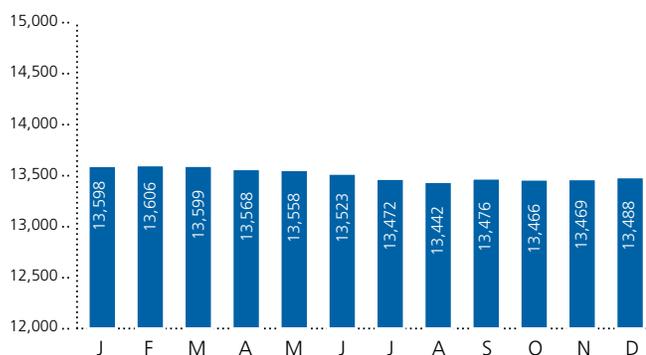
Within the framework of the reform of SNCB group on 1 January 2005, it was stipulated that the entire group staff would be assigned to SNCB-Holding. The latter seconds the required staff to Infrabel under a reciprocal agreement.

This provision explains why the payroll charges are posted to the heading called "Services and various items", and not to the heading for "compensation, social charges and pensions".

As of 31 December 2006, Infrabel had 13,488 employees expressed in terms of full-time equivalents.

Changes in the staff made available look as follows:

Staff changes



The Royal Decree of 3 July 2005 stipulates that every year Infrabel will have to pay an amount of 300 million € to the FIF for the availability of the rail infrastructure assigned to that fund within the framework of takeover of the historic debt of the former SNCB (7.4 billion €).

Within SNCB group, Infrabel is responsible for coordinating the purchase of electricity for the group as a whole. Those purchases bear both on traction energy and on the energy required for the buildings. The respective amounts for purchasing electricity are 85.44 million € for the traction energy, and 16.81 million € for energy for the buildings.

6. Depreciation, value reductions and provisions for contingencies and charges

amounts in €		
		%
II. Cost of sales and of services		1,509,558,221.12
D. Depreciation and value reductions on set-up expenses, and on tangible and intangible fixed assets	66,649,676.60	4.42
Set-up expenses	52,839.16	
Concession fee	13,737,373.74	
Other intangible fixed assets (mainly software)	2,180,456.63	
Tangible fixed assets	50,679,007.07	
E. Value reductions on stocks, on orders in progress and on commercial receivables	3,279,845.84	0.22
F. Provisions for contingencies and charges	14,951,850.93	0.99

The depreciation is posted to the accounting monthly and becomes effective as of the first day of the month following the one in which the tangible fixed asset can be put into use, this pursuant to the approved valuation rules.

The depreciation of the tangible and intangible fixed assets is offset to a great extent by the depreciation of the capital subsidies relating

thereto. The latter are posted to the accounting as financial income.

The increase of provisions is due to a great extent to setting aside provisions for the work of painting the large metal bridges and for overhaul of the special infrastructure equipment.

Comments on the annual financial statements

1. Valuation rules

1.1. Legal principles

The present valuation rules are laid down with due observance of the legal provisions in effect in Belgium, and more particularly the ones resulting from the law of 17 July 1975 relative to business accounting and from the Royal Decree of 30 January 2001 entailing execution of the Companies Code.

1.2. Valuation rules

1.2.1. Set-up expenses

The set-up expenses may be classified under assets and are valued at their acquisition value.

They are depreciated annually to the extent of 20%, with the exception of the expenses relating to issue, renegotiation or refinancing of borrowings, which are spread out over the duration of the borrowings concerned.

1.2.2. Intangible fixed assets

The intangible fixed assets are posted to the accounting at their acquisition value.

The intangible fixed assets are depreciated on a straight-line basis to the extent of 20% per year starting on the date on which the asset is ready for actual use.

Within the heading for intangible fixed assets, there are two special cases: these are the cost of concession and the charges relative to the TGV (High-Speed Train).

The right to use the network is depreciated over a period of 99 years starting on 01/01/2005, a duration corresponding to the one incorporated to the Royal Decree of 14 June 2004 bearing on the reform of the management structures of the rail infrastructure.

This refers to design and development expenses in connection with the TGV project, and not directly assignable to a precise inventory heading of the tangible fixed assets, as well as expenses for homologation of the TGV lines. The said fixed assets are depreciated over a maximum period of ten years starting with the time of commissioning of the TGV project concerned.

1.2.3. Tangible fixed assets

The tangible fixed assets are posted at their acquisition value.

The museum equipment and art works are valued either at the acquisition price or at the residual value, or, if the acquisition value is unknown or if it is a question of a gift, at the price of 0.01 €, and they are the object, in case of appraisals, of value reductions or of revaluation capital gains.

All of the tangible fixed assets in use are depreciated on a straight-line basis in accordance with their lifetime. The lifetime is analysed regularly. IN case of substantial modifications, the lifetime is adapted. The said adaptation is considered as a modification of the forecast, and not as a correction of faults or a modification of the accounting methods.

Lifetime

Nature of the asset	Duration of depreciation			
	In operation		Out of operation	
	Minimum	Maximum	Minimum	Maximum
	depreciable number	depreciable number	depreciable number	depreciable number
Lands				
Buildings	10	50	5	50
Structures	50	120	1	120
Track installations	1	100	1	100
Electric and signal installations	15	22	8	22
Telecommunications installations	8	20	1	1
Catenaries and traction substation	20	20	20	30
Workshop installations	20	20	20	20
Equipment	1	10	1	10
Rail transport equipment	7	35	1	35
Road haulage equipment	4	15	1	6
Containers	10	10	10	10
Residential building	no application	no application	50	50

The depreciation begins as of the first day of the month following the one in which the tangible fixed asset can be put into use. In case of work financed by an investment credit, the date adopted is the one of the total or partial completion, without an immediate start to use.

The duration of use is set by inventory heading, that heading representing a set of fixed assets possessing the same technical or legal characteristics as well as one and the same use duration.

When the various components of one and the same asset have different use durations, or they provide benefits for the company in accordance with a different rate requiring the use of different depreciation rates and procedures, the total cost of the said asset is divided up, insofar as possible, among its various constitutive elements.

The duration of use of the related investments is determined by taking account, in particular, of the remaining lifetime of the primary investments.

The duration of use of the ecological investments cannot exceed the remaining duration of use of the installations for which the said expenditures have been made.

The term capitalised ecological expenditures means the ones that are intended to lastingly serve the company's activity and which either relate to hoped-for environmental gains and extend the existence of the company's assets, by increasing capacity or upgrading safety or

efficiency, or make it possible to limit or avoid contamination of the environment that could be caused by future activities.

Additional or extraordinary depreciation is systematically recorded when, because of a deterioration or of modifications of the economic or technological circumstances, the book value of the fixed assets exceeds their value in use by the company.

The depreciation recorded on the tangible fixed assets can be written back only if, because of modifications of the economic or technological circumstances, the depreciation plan previously applied proves to have been too rapid. The decommissioned tangible fixed assets or those that have ceased to be lastingly assigned to the company's activity are, if the case arises, the object of extraordinary depreciation so as to align the valuation thereof on their likely realisation value.

The depreciable amount is the cost of the asset, reduced by its residual value, insofar as the latter can be determined in a relatively reliable way.

1.2.4. Financial assets

The financial assets include the holdings in other companies, when the purpose is to perpetuate or support their operation, the receivables made available long-term in the interest of lasting support of the activity of the said companies, the shares and partnership shares that do not constitute a holding, and the cash sureties paid as standing guarantees.

The financial assets are posted to the accounting at their acquisition value. They are corrected, if appropriate, by possible value reductions. The incidental expenses relative to their acquisition are entered directly under expenses.

For each holding, the securities constituting it are considered as fungible assets: after each acquisition, an average value for the said securities is recalculated, by dividing the total value of acquisition by the total number of securities held in the portfolio.

When the acquisition price of the holding is denominated in a foreign currency, the acquisition value at which it is entered in the accounting is its acquisition value in euros, namely, the amount resulting from application of the conversion rate at the time of the acquisition to the amount of the price stipulated in foreign currencies.

When the amounts are called up, the discharge commitment is re-estimated at the conversion rate applicable on that date, the counterpart of the translation differential noted being charged to the acquisition value of the financial assets.

The financial assets represented by receivables are valued at their nominal value, by application, if the case arises, of the conversion rate at the time of acquisition of the amounts stipulated in foreign currencies.

In case of a lasting modification occurring after the acquisition, and in an unfavourable direction, of the situation, of the profitability or of the prospects of the company, the holding or the shares held are the object of a value reduction determined as a function of the change in the market price or in the intrinsic value.

To determine the amount of the value deduction to be posted to the accounting, the following procedures are applied:

- At the time of an acquisition, if the difference between the book value of the holdings and the proportional share of the shareholders' equity of the company in question is less than 250,000 €, a value reduction is made to the appropriate extent in the year following the acquisition. For the later years, any negative variation of the shareholders' funds is recorded as an immediate value reduction.
- At the time of an acquisition, if the difference between the book value of the holdings and the proportional share of the shareholders' equity of the company in question is between 250,000 € and 1,250,000 €, or if the company is not consolidated in a subgroup characterised by synergies between companies, a value reduction is made, to at least an extent of 25% annually starting with the year following the acquisition, equal to the difference as corrected annually of the changes in shareholders' funds. After the accounting for the value reduction to the extent of 100%, any negative variation

of the shareholders' funds is immediately recorded as a value reduction.

- At the time of an acquisition, if the difference between the book value of the holdings and the proportional share of the shareholders' equity of the company in question is greater than 1,250,000 € or if the company is consolidated in a subgroup characterised by synergies between companies, a value reduction is made to the extent of 7.14% annually starting with the year following the acquisition, equal to the difference as corrected annually of the changes in shareholders' funds.

After posting the value reduction to an extent of 100%, any negative variation of shareholders' funds is entered as an immediate value reduction.

- If the sales of the companies in which the financial assets are held are made mainly with the parent company, the value reductions are recorded as a function of the value in use of the said fixed assets for the parent company's activities.
- For financial assets for which there is a liquid financial market and for which the company cannot significantly influence the said market, value reductions are recorded if the difference between the acquisition price of the said assets and their average monthly market value for the past year is significantly positive (more than 10% of the acquisition price). In case of a significant positive difference, the value reduction to be recorded is equal to the said difference.

The financial assets represented by receivables are the object of a value reduction if their repayment on due date is totally or partly uncertain or compromised.

1.2.5 Receivables at more than one year

The receivables are valued at their nominal value, with the exception of the receivables having the form of fixed-income securities, which are valued at their acquisition value.

The receivables are the object of a value reduction if their repayment or part thereof on due date is uncertain or compromised.

1.2.6 Stocks and orders in progress

The stocks are valued at the lower as between the cost and the net realisation value, namely, the sale price as estimated in the normal course of business, reduced by the estimated costs for completion and by the costs considered necessary to make the sale.

The cost of the stocks include all of the costs of acquisition and of processing, increased by the other costs incurred to get the stocks to the place and in the condition in which they are.

The production in progress and the orders in progress are valued at their cost price.

Certain parts in the warehouse are periodically the object of value reductions following the regular examination of their condition by the technical departments involved.

The families of articles in stock not having a direct connection with the tangible fixed assets undergo a value reduction when they remain for at least one year without any movements. The percentage of value reduction applying to the value of the articles is a function of the speed of inventory turnover.

For the families of articles having a direct link with clearly identified tangible fixed assets, a value reduction is calculated in a way strictly proportional to the depreciation already recorded on the said fixed assets.

For the orders in progress, value reductions are recorded:

- if their cost price, increased by the estimated amount of the cost relating thereto that must still be incurred, exceeds, as the case may be, their net selling price on the closeout date or the cost price provided for in the contracts.
- to the extent, respectively, of 50% and 100% if their date of execution exceeds one or two years following the date of invoicing, taking possible down payments invoiced for into account.

1.2.8 Receivables at one year at most

The receivables are entered in the balance sheet at their nominal value, except the ones having the form of fixed-income securities, which are valued at their acquisition value.

The receivables are the object of value reductions if repayment on due date is completely or partly uncertain or compromised.

The said reductions are calculated on the basis of the following principles:

- legal proceedings in connection with accidents requiring the Legal Department's intervention: the value reduction is equal to the average loss for the last five years, divided by the average balance of bad debts for the last five financial years, all this multiplied by the balance appearing at the end of December of the year in question;
- value reductions of 100% for the receivables held on third parties requiring the Legal Department's intervention, unless they relate to "legal proceedings for accidents";
- for the other receivables, including the ones on the State, the rail networks and international rail transport entities, a value reduction corresponding to 50% of the amount of the receivable if it has been payable for more than one year; the said percentage is increased to 100% after two years; possible down payments that may have been invoiced for are taken into account;
- if specific information justifies this, additional value reductions or write-backs of value reductions are recorded depending on the specific nature of the asset.

1.2.9. Available assets

The available assets are entered at their nominal value.

An appropriate value reduction is recorded when the realisation value on the financial year closeout date is less than the nominal value.

1.2.10. Asset adjustment accounts

The charges to be carried forward and the earned income are valued at their acquisition value while taking account, for the income, of its recoverability.

1.2.11. Capital

The shares representing the capital are valued at their par value.

1.2.12. Revaluation capital gains

The revaluation capital gains are recorded at their nominal value and concern only the positive differences between the estimate by an expert of the museum equipment and of the art works, and the net book value posted to assets.

In case of a subsequent capital loss on the revalued asset, the capital gain recorded is cancelled to the extent of the amount not yet amortised.

1.2.13. Reserves

The reserves are valued at their nominal value.

1.2.14. Capital subsidies

The capital subsidies are recorded at their nominal value.

The capital subsidies are the object of straight-line depreciation at the same rate as the intangible and tangible fixed assets that they finance.

1.2.15. Provisions and deferred taxes

The risks and the charges that are the object of a provision are estimated case by case on the basis of the elements brought to the company's attention, being careful to respect the criteria relating to prudence, accuracy and good faith.

Provisions are also set aside for particular cases, particularly the provisions for risks of accidents, insolvency and various risks, and the provisions for operating charges of an environmental nature.

1.2.16 Debts (liabilities) at more than one year and at one year at most

The debts (liabilities) are recorded at their nominal value.

The debts represented by fixed-income securities are valued at their acquisition value. However, when their actuarial charge calculated at the time of issue, taking account of their redemption at maturity, differs from their nominal charge, the difference between the acquisition value and the redemption value is entered under earnings pro rata temporis over the remaining duration of the securities, as a constitutive element of the charge of the said securities, and it is entered, depending on the case, as an increase or a reduction of the acquisition value of the securities (on an actuarial basis).

The debts not yielding interest or bearing abnormally low interest are entered under liabilities at their nominal value. This entry is accompanied by an entry in the adjustment account of the asset and by entry under earnings pro rata temporis on the basis of the compound interest, of the discounts calculated at the market rate when the said liabilities have a due date more than one year in the future and relate to amounts recorded as charges in the income statement.

1.2.17. Liability adjustment accounts

The charges to be allocated and the income to be carried forward are recorded at their nominal value.

2. Statement of set-up expenses

amounts in €	
Net book value at end of previous financial year	150,050.10
Financial year transfer :	
Depreciation	-52,839.16
Other	0.01
Net value at financial year end	97,210.95
Including: Charges relative to implementation of the capital increase, charges on borrowings, backwardations and other set-up expenses	97,210.95

3. Statement of intangible fixed assets

amounts in €	
Concessions, patents licences, ...	
A. Acquisition value	
At the end of the financial year	1,389,122,164.60
Financial year transfer:	
Acquisitions, including in-house production	7,271,238.25
Situation at financial year end	1,396,393,402.85
C. Depreciation and value reductions	
Situation at financial year end	30,080,952.56
Posted to the accounting	15,917,830.46
Write-backs due to surpluses	-0.10
At the financial year end	45,998,782.92
D. Net book value at financial year end	1,350,394,619.93

4. Statement of tangible fixed assets

amounts in €			
	Lands and buildings	Installations, machines and tooling	Furniture and rolling stock
A. Value of acquisition			
At the end of the previous financial year	268,641,362.62	933,593,733.77	121,387,319.99
Acquisitions, including in-house production	21,507.00	21,303.63	
Transfer and scrapping	-915,634.56	-5,507,826.69	-218,955.19
Transfer from one heading to another	167,061,461.31	348,636,675.71	1,526,935.68
Situation at financial year end	434,808,696.37	1,276,743,886.42	122,695,300.48
C. Depreciation and value reductions			
At the end of the previous financial year	59,625,457.93	518,803,220.78	100,745,523.97
Posted to the accounting	4,527,073.01	47,386,209.22	2,735,758.02
Write-backs due to surpluses	-28,106.99	-44,687.91	-4.54
Transfer and scrapping	-915,634.56	-5,507,826.69	-218,459.40
Transfer from one heading to another	-19.46	99,298.15	-130,759.21
At the end of the financial year	63,208,769.93	560,736,213.55	103,132,058.84
D. Net book value at financial year end	371,599,926.44	716,007,672.87	19,563,241.64

amounts in €

	Other tangible fixed assets	Tangible fixed assets in progress and down payments made
A. Value of acquisition		
At the end of the previous financial year	220,763,640.73	1,300,851,535.56
Acquisitions, including in-house production		900,939,781.05
Transfer and scrapping	-175,489.27	
Transfer from one heading to another	3,232,602.99	520,457,675.69
Situation at financial year end	223,820,754.45	1,681,333,640.92
C. Depreciation and value reductions		
At the end of the previous financial year	11,636,822.18	
Posted to the accounting	425,606.90	
Write-backs due to surpluses	-0.11	
Transfer and scrapping	-175,489.27	
Transfer from one heading to another	31,480.52	
At the end of the financial year	11,918,420.22	
D. Net book value at financial year end	211,902,334.23	1,681,333,640.92

5. Statement of financial fixed assets

amounts in €		
	Allied companies	Other companies
1. Profit-sharing and other		
A. Value of acquisition		
At the end of the previous financial year	3,284,093.42	750.00
Acquisitions		
At the financial year end	3,284,093.42	750.00
C. Value reductions		
At the end of the previous financial year	637,362.01	
Write-backs due to surpluses	-21,162.08	
At the end of the financial year	616,199.93	
Net book value at financial year end	2,667,893.49	750.00
2. Receivables		
Net book value at the end of the previous financial year	900,000.00	508.18
Funding		508.18
Repayment	-150,000.00	
Net book value at financial year end	750,000.00	508.18

6. Stocks and orders in progress

amounts in €	
Analysis of the stocks	
Special supply articles for the infrastructure	96,028,203.31
Value reductions on the special supply articles for the infrastructure	-17,431,718.50
Supply articles unused at job sites	28,853,339.00
Manufactures	12,370,711.53
General supply articles	24,159,656.07
Special supply articles for the transport equipment	885,544.05
Liquid and solid fuels	215,539.54
Packings to be returned	32,382.93
Value reductions on the supply articles other than the specific articles for infrastructure	- 1,876,793.81
Down payments	174.00
Orders in progress	7,023,923.53
Value reductions	-125,148.96

7. Cash investments and liquid assets

amounts in €	
Fixed-income securities	150,000.00
Time deposits with financial institutions	5,350,000.00
- at one month at most	5,350,000.00
Other investments not included above	224,426,000.00

The available cash is placed, on one hand, with the SNCB-Holding in connection with cash pooling (heading concerning "other cash investments not included above") and, on the other hand, is invested with financial institutions.

8. Asset adjustment accounts

amounts in €	
Charges to be brought forward	12,077,030.09
Prepayments of the 2007 annual bonus for staff	10,263,437.62
Down payment for traction energy	1,235,000.00
Insurance premiums	476,083.77
Financial ratings	36,666.70
EIM member	65,842.00
Proceeds acquired	94,999.84
Interest	94,999.84

9. Statement of capital

amounts in €		Number of shares
A. Capital		
1. Capital subscribed		
At the end of the previous financial year	1,450,061,500.00	
Modifications during the financial year		
At financial year end	1,450,061,500.00	
2. Composition of the capital		
2.1. Kinds of shares		
Registered shares without par value	1,450,061,500.00	14,500,615

10. Provisions for major maintenance

amounts in €	
	Provisions for major maintenance
At the end of the previous financial year	0.00
Increases	6,995,968.90
At financial year end	6,995,968.90

The provision for major maintenance concerns, on one hand, the painting of the large metal bridges and, on the other hand, the overhaul of the infrastructure special equipment.

The provision set aside for painting the large metal bridges amounts to 5,682,995.24 €.

With the new epoxy-polyethurane system, the large structures must be repainted every 15 years.

Alongside normal maintenance, the heavy equipment also undergoes a major overhaul every two years in the Schaerbeek maintenance centre.

The term heavy equipment means the levelling machines, greasing equipment, storage wagons, tamping devices, stabilisers...

For that overhaul, a provision is set aside in an amount of 1,312,973.66 €.

11. Provisions for environment

amounts in €		
	Provisions for soil restoration	Other provisions for protection of the environment
At the end of the previous financial year	28,253,330.00	0.0
Funding	3,243,944.96	2,344,400.00
At financial year end	31,497,274.96	2,344,400.00

The increase for the provision for clearing up lands is the consequence, on one hand, of new episodes of pollution in a total amount of 543,625.00 €.

Thanks to better measuring methods, the valuations can be estimated more accurately. Hence this recalculation leads to an increase in the provision amounting to 2,700,319.96 €.

The other provisions for protection of the environment all concern the clearance of wood waste from the ties and pieces of wood scattered throughout the rail network.

12. Provisions for other contingencies and charges

amounts in €	
	Provisions for other contingencies and charges
At the end of the previous financial year	34,822,455.50
Funding	5,611,482.03
At financial year end	40,433,937.53

The provisions for other contingencies and charges cover the risk not insured under assets, the legal proceedings, and the restructuring expenses for the Schaerbeek workshop.

13. Liability adjustment accounts

amounts in €	
Charges attributable	51,235,522.80
Holiday bonus payments and staff bonuses	51,130,316.62
Various	105,206.18
Income to be carried forward	100,993,497.35
Infrastructure fees	92,406,022.38
Third party interventions in investment work	8,587,474.97

14. Off balance sheet rights and commitments

amounts in €	
Important commitments regarding acquisitions of fixed assets	
- tangible fixed assets (for rail infrastructure)	404,041,612.03

15. Relationships with the affiliated companies and the companies with which there is a participation link

amounts in €		
	2006	2005
1. Financial assets	3,417,893.49	3,546,731.41
Holdings	2,667,893.49	2,646,731.41
Receivables: other	750,000.00	900,000.00
2. Receivables	385,376,820.96	396,741,121.95
At more than one year	7,830,005.47	7,850,000.00
At one year at most	377,546,815.49	388,891,121.95
3. Cash investments	224,576,000.00	334,200,000.00
Receivables	224,576,000.00	334,200,000.00
4. Debts (liabilities)	177,131,407.64	168,238,445.96
At more than one year	508,016.27	550,231.86
At one year at most	176,623,391.37	167,688,214.10
7. Financial earnings		
Income from financial assets	51,817.50	59,985.00
Income from current assets	8,680,894.29	2,019,777.52
Charges on liabilities	85.00	85,684.45

16. Social balance sheet

The company is not required to file any social balance sheet with the National Bank, since Infabel does not have its own staff. The required staff, whether statutory or contractual, is seconded from the SNCB-Holding. As of 31/12/2006, 13,488 employees expressed in terms of full-time equivalents had been seconded by SNCB-Holding.

Report by the College of Auditors to the shareholders' meeting of 11 May 2007 concerning the annual financial statements for the financial year ending on 31 December 2006

Ladies and Gentlemen:

Pursuant to the legal provisions and the provisions of the articles of incorporation, and particularly to articles 143 and 144 of the Companies Code applicable to Infabel as a corporation under public law, by virtue of article 37 of the law of 21 March 1991 reforming certain economic public companies, the College of Auditors has the honour of reporting to you on profitability of its mandate for financial year 2006. The report includes its opinion of the annual financial statements as well as the required additional indications and information.

1. Certification without reservations of the annual financial statements

The College of Auditors audited the annual financial statements closed out on 31 December 2006 established on the basis of the accounting frame of reference applicable in Belgium. The balance sheet totals 5,386,846,360.90 EUR, while the income statement shows a profit for the financial year of 40,143,328.04 EUR.

The establishment of the annual financial statements is the responsibility of the management organ. That responsibility includes: design, implementation and follow-up on internal control relative to the establishment and accurate presentation of annual financial statements not including any significant anomalies, whether they result from frauds or from errors, and the choice and application of appropriate valuation rules as well as the determination of reasonable accounting estimates in the light of the circumstances.

The College of Auditors' responsibility is to express an opinion concerning the said annual financial statements on the basis of its audit. The College carried out its audit in accordance with the legal provisions and pursuant to the auditing standards applicable in Belgium. Those auditing standards require the audit to be organised and carried out in such a way as to obtain a reasonable assurance that the annual financial statements do not include any significant

anomalies, whether resulting from fraud or from errors.

Pursuant to the above-mentioned auditing standards, the College of Auditors took account of the organisation of the company within the administrative and accounting frame of reference, as well as of its internal control procedures. The College of Auditors obtained the explanations and information required for its audit from the management organ and from the company's agents. The College examined, by sampling, the justification for the amounts appearing in the annual financial statements. It evaluated the justification for the valuation rules and the reasonable nature of the significant accounting estimates made by the company as well as the presentation of the annual financial statements as a whole. The College of Auditor considers that the said work provides a reasonable basis for the expression of its opinion.

In the College of Auditors' opinion, the annual financial statements closed out on 31 December 2006 give a fair representation of the assets, financial situation and earnings of the company, in accordance with the accounting frame reference applicable in Belgium.

2. Additional mentions and information

The establishment and the content of the management report as well as the observance by the company of the companies code and of the articles of incorporation are the responsibility of the management organ.

The College of Auditors' responsibility is to have its report include the additional mentions and information that are not of such nature as to modify the scope of the certification of the annual financial statements.

- The management report deals with the information required by law and agrees with the annual financial statements. However, the College of Auditors is not in a position to make a decision concerning the description of the main risks and uncertainties facing the company, as well as of its situation, of anticipated

changes therein or of the notable influence of certain facts on its future development. Nevertheless, the College of Auditors can confirm that the information supplied is not characterised by any obvious contradictions to the information known to it in connection with its mandate.

- Without prejudice to formal aspects of minor importance, the accounting is kept and the annual financial statements are established in accordance with the legal and regulatory provisions applicable in Belgium.
- The College of Auditors is not called on to report any operations concluded or decisions made in violation of the articles of incorporation, of the provisions of the company's code, and of the law of 21 March 1991.
- The appropriation of the earnings, proposed to the Shareholders' Meeting, is in compliance with the legal provisions and the provisions of the articles of incorporation.

Finally, the College of Auditors wishes to thank the management organs, the Financial department and its sections for the collaboration and the assistance that they displayed in performance of its assignment.

Signed in Brussels on 26 April 2007.

The College of Auditors

The Accounting Court represented by

M. de Fays
Counsellor at the National Audit Office

F. Vanstapel
First Presiding of the National Audit Office

The members of the Institute of Business Auditors

S.c.P.R.L. Michel Delbrouck & C^o
Auditors
represented by
M. Delbrouck
auditor

S.c.P.R.L. Van Impe, Mertens & Associates
Auditors
represented by
H. Van Impe
Auditor,
President of the Body of Auditors

