Annual Accounts 2014[1]

The Annual Accounts 2014 comprise the following:

- Balance sheet as at 31 December (before profit allocation)
- Profit and loss account
- Statement of cash flows
- Explanatory notes to the annual accounts

[1] The original financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

Balance sheet as at 31 December (before profit allocation)

in millions of euros

Assets	Note	**2014**	2013
Fixed assets			
- intangible fixed assets	(1)	**29.7**	33.8
- tangible fixed assets	(2)	**5.0**	5.1
Current assets			
- receivables	(3)	**2,331.3**	3,201.8
- cash and bank	(4)	**1,381.0**	702.6
Total		**3,747.0**	3,943.3

Liabilities			
Shareholders’ equity	(5)	**216.0**	216.0
Current liabilities	(6)	**3,531.0**	3,727.3
Total		**3,747.0**	3,943.3

Profit and loss account

in millions of euros

	Note	2014	2013
Net turnover	(7)	**19,500.8**	24,292.8
Cost of sales	(8)	**-/-19,388.4**	-/-24,219.6
Gross profits		**112.4**	73.2
Operating expenses	(9)	**-/-65.4**	-/-70.2
Operating profit		**47.0**	3.0
Net financial income and expenses	(10)	**1.0**	45.0
Results on ordinary activities before tax		**48.0**	48.0
Taxation	(11)	**-/-12.0**	-/-12.0
Results after tax		**36.0**	36.0

Statement of cash flows

in millions of euros

		2014		2013
Cash flow from operating activities				
Operating profit	**47.0**		3.0	
Adjustments for:				
- depreciation and impairment losses	**10.5**		10.5	
- unrealised foreign exchange results	**0.0**		-/-0.3	
- movements in receivables	**870.5**		236.1	
- movements in current liabilities (excluding short-term financing)	**-/-196.3**		209.6	
Cash flow from operations		**731.7**		458.9
Interest received	**1.3**		45.7	
Interest paid & financing costs	**-/-0.3**		-/-0.7	
Tax paid	**-/-12.0**		-/-12.0	
		-/-11.0		33.0
Cash flow from operating activities		**720.7**		491.9
Cash flow from investment activities				
Investments in fixed assets	**-/-6.3**		-/-12.8	
Cash flow from investment activities		**-/-6.3**		-/-12.8
Cash flow from financing activities				
Movements in short-term financing	**0**		0	
Dividends paid	**-/-36.0**		-/-36.0	
Cash flow from financing activities		**-/-36.0**		-/-36.0
Net cash flow		**678.4**		443.1
Exchange rate and translation differences on cash and bank balances		**0.0**		0.3
Movements in cash and bank balance		**678.4**		443.4
Cash and bank balances at year-end	**1,381.0**		702.6	
Cash and bank balances at preceding year-end	**702.6**		259.2	
Movements in cash and bank balance		**678.4**		443.4

Explanatory notes to the annual accounts

1 Principles for valuation and determination of results

General
The annual accounts have been drawn up in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code (BW). Unless otherwise stated, assets and liabilities are recognised at nominal value. The principles applied as the general basis for the valuation for assets and liabilities and the determination of results are the historical costs.

Comparative figures have been adjusted where required to improve comparison. Inter alia, this is the case for the costs of software where, in the balance sheet for 2013, the costs of software were classified as tangible assets instead of intangible assets.

An asset is included in the balance sheet when it is probable that future economic benefits will flow to the company and its value can be reliably determined. A liability is included in the balance sheet when it is probable that settlement thereof will entail an outflow of resources that embody economic benefits and the magnitude of the amount thereof can be reliably determined.

Income is included in the profit and loss account when an increase of the economic potential related to an increase in an asset or a decrease of a liability has taken place, the magnitude of which can be reliably determined. Expenses are accounted for when a decrease of the economic potential related to a decrease in an asset or an increase of a liability has taken place, the magnitude of which can be reliably determined.

If a transaction results in almost all or all of the future economic benefits and all or almost all of the risks related to an asset or liability being transferred to a third party, the asset or liability is no longer included in the balance sheet. Furthermore, assets and liabilities are not included in the balance sheet from the time at which the requirements of probability of future economic benefits and/or reliability of the determination of the value are no longer met.

The income and costs are allocated to the period to which they relate. Income is accounted for when all significant risks relating to the delivery have been transferred to the counterparty.

Continuity
These financial accounts have been prepared on a going concern basis.

Estimates and uncertainties
In preparing these financial accounts, assessments, estimates and assumptions have been made that affect the amounts accounted for. In particular, this concerns the net sales and cost of sales (including transport costs). The assessments, estimates and assumptions made are based on market data, knowledge and experience, and other factors that are considered reasonable under the given circumstances. The actual results may differ from these estimates. The estimates and underlying assumptions are continually assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in any future periods on which the revision has an impact. Potential special features regarding estimates and assessments, if significant, are included in the notes to the balance sheet and the profit and loss account. As a consequence of the agreement between the shareholders of GasTerra, as explained under the off-balance sheet assets and liabilities, the deviations from these estimates do not affect the result.

Transaction in foreign currencies
Transactions denominated in foreign currency are translated at the exchange rate applying on the transaction date.

Cash and bank balances, trade receivables and current liabilities in foreign currency are translated at the exchange rate applying on the date of the balance sheet.

The exchange rate results on gas exports and gas imports arising through translation are allocated under gas purchases. The other exchange rate results are accounted for under financial income and expenses.

Fixed assets

Intangible fixed assets

Intangible fixed assets are valued at the historical purchase price or production cost, less straight-line depreciation over the economic life of the assets.

Intangible fixed assets that have not been completed as at the balance sheet date are accounted for under the category intangible fixed assets under construction. After being put into use, the relevant asset will be classified under the category intangible fixed assets.

The depreciation period used for intangible fixed assets is 5 years. Intangible fixed assets under construction are not depreciated.

Tangible fixed assets

Tangible fixed assets are valued at the historical purchase price or production cost, less straight-line depreciation over the economic life of the assets.

Tangible fixed assets that have not been completed as at the balance sheet date are accounted for under the category tangible fixed assets under construction. After being put into use, the relevant asset will be classified under the category tangible fixed assets.

The depreciation periods applied to tangible fixed assets are between 5 and 10 years. Tangible fixed assets under construction are not depreciated.

Impairment

For intangible and tangible fixed assets an assessment is made at every balance sheet date as to whether there are any indications that these assets are subject to impairment. If any such indications exist, the recoverable value of the asset is estimated. The recoverable amount is the higher of the value in use and the realisable value. If it is not possible to estimate the realisable value of an individual asset, the realisable value is determined from the cash-flow generating unit to which the asset belongs.

When the book value of an asset or a cash-flow generating unit exceeds its recoverable value, the difference between the book value and the realisable value is accounted for as an impairment loss. If there is an impairment loss of a cash-flow generating unit, the loss is first allocated to goodwill which is allocated to the cash-flow generating unit. Any residual loss is allocated to the other assets of the unit in proportion to their book values.

Furthermore, at each balance sheet date, an assessment is made as to whether there is any indication that an impairment loss accounted for in previous years has decreased. If any such indications exist, the recoverable value of the relevant asset or cash-flow generating unit is estimated.

Reversal of an impairment loss previously accounted for takes place only if there is a change in the estimates used to determine the realisable value since accounting for the last impairment loss. In that case, the book value of the asset (or cash-flow generating unit) is raised to the estimated realisable value, but not in excess of the book value that would have been determined (after depreciation) if, in previous years, no impairment loss for the asset (or cash-flow generating unit) would be accounted for.

Current assets

Receivables

The receivables are valued at the amortised cost taking collectability risks into account. Trade receivables also include sales that have not yet been invoiced.

Pensions

GasTerra is affiliated with the Stichting Pensioenfonds Gasunie (Gasunie Pension Fund Foundation) together with N.V. Nederlandse Gasunie (Dutch natural gas infrastructure and transmission company). GasTerra’s employees have a pension scheme administered here.

As of 1 January 2014, the scheme has been changed from a final salary scheme to a conditionally indexed career average scheme. The financial obligations of GasTerra in respect of the fund as from 1 January 2014 consist of a fixed premium in combination with the one-time payment to the accrual and supplementary benefits deposit of the pension fund. When the resources that the fund has available are insufficient, the risk hereof then lies with the (former) participants.

The pension scheme is characterised by the Pensions Act as a distribution agreement. The 2014 implementation agreement with the pension fund has a term of 4 years. The main agreements included in this implementation agreement are the following:

- On 1 January 2014, GasTerra shall make a one-time deposit of € 0.6 million into an accrual deposit which is intended to prevent accrual discount in case the premium is insufficient in any year.
- On 1 January 2014, GasTerra shall make a one-time deposit of €2.3 million into a supplementary benefits deposit which is intended for the grant of a bonus on the pension rights of participants in active service.
- GasTerra does not have any additional contribution deposit obligation and is not bound to complete any gaps in the fund.
- The premium amounts to 22.6% of pensionable earnings. GasTerra can neither be compelled to pay a higher contribution, nor to fix the contribution at a lower level.
- If in any year the premium is insufficient to fund the pension build-up in that year, additional funding will be made available by the Stichting Pensioenfonds Gasunie (Gasunie Pension Fund Foundation) from the accrual deposit. If the accrual deposit is not sufficient for the additional financing of the pension fund, the pension accrual of participants is set at a reduced amount.

The coverage ratio for the pension fund shows the ratio between the fund's capital and the value of the pensions (the obligations) that the fund shall have to pay out now and in the future.
The minimum required coverage ratio according to the supervisory authority, the Dutch Central Bank (DNB), is 104.2%. The coverage ratio for the Pensioenfonds Gasunie was 110.1% at year-end December 2014 (111.4% at year-end 2013). In addition, the DNB demands the Stichting Pensioenfonds Gasunie to attain a required equity in the long term, which level depends on the composition of the investments. The long-term coverage ratio required by DNB for Stichting Pensioenfonds Gasunie is 114.5% at year-end 2014 (115.1% at year-end 2013).

A provision is also included as at the balance sheet date for existing additional obligations with respect to the fund and the employees if it is likely that an outflow of resources will be required in order to settle these obligations, and the amount of the obligations may be reliably estimated. The provision is valued at the best estimate of the cash value of the amounts that will be required to settle the obligations on the balance sheet date. To the extent this obligation relates to the upcoming financial year, this is recorded in the current liabilities account.

The starting point is that pension charges to be processed in the reporting period are equal to the pension contributions owed to the pension fund during the same period. To the extent that the contributions payable on the balance sheet date have not yet been met, a liability is included for this. If the contributions already paid at the balance sheet date exceed the contributions owed, an accrued asset item is recognised to the extent that there will be repayment by the fund or a set-off against contributions owed in the future.

Current liabilities
The current liabilities are valued at the amortised cost, with which the income and expenditure arising from amortisation are recognised in the profit and loss account using the effective interest method. The initial measurement shall be effected at fair value whereby the transaction costs that are directly attributable to the acquisition are included in the measurement. This relates to liabilities with a term of no more than one year.

Amounts payable also include purchases that have not yet been invoiced. Amounts received from customers due to a decreased purchase of gas under 'take-or-pay' agreements are recorded under current liabilities as an obligation to deliver. The obligation to deliver arising from the receipt of gas in the storage service is also recorded under current liabilities.

Financial instruments
Financial instruments comprise receivables, cash and bank and current liabilities.

Within the course of its normal business activities, the company occasionally uses derivative financial instruments. This relates to forward exchange contracts and gas price swaps in order to hedge the price risk of certain gas contracts.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. The company shall separate embedded derivates from the host contract and account for these separately if:

- the host contract's economic characteristics and risks and the embedded derivative are not closely related; and
- a separate instrument with the same terms and conditions as the derivative embedded in the contract would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through profit or loss.

Financial instruments (derivatives) embedded in contracts that are not separated from the host contract, because the abovementioned conditions are not satisfied, are recognized in accordance with the host contract.

The company applies cost price hedge accounting techniques in order to recognize the results from hedge instruments including the forward exchange contracts and the gas price swaps and the changes in value of the hedged positions simultaneously in the profit and loss account. Forward exchange contracts and gas price swaps are initially valued at cost. The effectiveness of the hedge relationship is determined by comparing the critical characteristics of the hedging instrument and the hedged position in the hedge relationship. If the critical characteristics of the forward exchange contract or the gas price swap correspond with the expected future transaction, the forward exchange contract or the gas price swap will not be revalued. If the critical characteristics, assessed in the context of the hedge relationship, are equal, no ineffectiveness exists. As soon as the hedged position of the expected future transaction leads to the processing of a financial asset or a financial obligation, the profits or losses tied to the forward exchange contract or the gas price swap will be recorded in the profit and loss account during the same period as that wherein the asset obtained or obligation entered into has an effect on the result.

The company documents the hedge relationships and periodically reviews the effectiveness of the hedge relationships by establishing that no overhedge exists. A loss due to an over-hedge is recorded at cost or lower market value directly in the profit and loss account. There are no significant cash flow risks related to the hedge relationships.

GasTerra concludes gas purchase contracts and gas sale contracts as part of its business operations. These contracts are concluded for the actual physical delivery and receipt of gas in accordance with the company's expected purchases or sales levels, or usage requirements. For this reason, these fall outside of the scope of RJ 290 (reporting standard).

Gas sales and gas purchases
The pricing of natural gas for both the sales and purchasing sides is influenced to a significant degree by developments in the gas market prices of natural gas as well as the prices of other energy carriers.

GasTerra's shareholders have concluded an agreement relating to the after-tax profits to be made by GasTerra. This agreement stipulates that the price of the natural gas from Groningen sold by the Nederlandse Aardolie Maatschappij B.V. (NAM) to GasTerra during the year has been set such that GasTerra will retain the after-tax profits determined for that year by the shareholders.

Net turnover
Net turnover is divided into gas sales and other net turnover.

Gas sales represent the income from the supply of gas and the income from the corresponding services provided, after deducting the tax assessed on the turnover.

Other net turnover is represented primarily by the income from the delivery of services to third parties. This income results primarily from flexibility services.

The income is recorded during the reporting period in that the gas was delivered and the services were provided.

A distinction is made between services related to making transport capacity and flexibility available and actual usage. The services are considered to have been provided if the service was made available to the client during the period agreed.

Cost of sales
In the main, the cost of sales represents the cost of the purchase of gas and the associated services, the transport costs and the costs related to underground gas storage.

Operating expenses
The expenses are determined on a historical basis, taking into account the principles for valuation mentioned previously, and are allocated to the reporting period to which they relate. Losses are recorded during the reporting period in that provisions for them may be made.

Net financial income and expenses
This item includes the income and expenses related to financing.

Corporation tax
The amount of corporation tax to be included in the profit and loss account is calculated based on the results determined according to this account, in due observance of the valid tax-related provisions and rates.

Statement of cash flows
This report provides a statement of the cash flows generated. The statement of cash flow is drawn up on the basis of the indirect method based on the operating results in the profit and loss account.

2 Explanatory notes to the balance sheet

Intangible fixed assets (1)
in millions of euros

	Intangible fixed assets	Intangible fixed assets under construction	Total
Balance as at 1 January 2014:			
Purchase value	43.4	11.1	54.5
Cumulative depreciation and impairments	-/-20.8	-	-/-20.8
Book value	22.6	11.1	33.7
Movement in the book value:			
Investments	-	5.5	5.5
Commissioning	13.2	-/-13.2	-
Depreciation	-/-9.5	-	-/-9.5
Disposal	-/-1.0	-	-/-1.0
Write-down on disposal	1.0	-	1.0
Impairment losses	-	-	-
Net position	3.7	-/-7.7	-/-4.0
Balance as at 31 December 2014			
Purchase value	**55.6**	**3.4**	**59.0**
Cumulative depreciation and impairments	**-/-29.3**	**-**	**-/-29.3**
Book value	**26.3**	**3.4**	**29.7**

The intangible fixed assets primarily consist of capitalised software costs for operational process support.

Tangible fixed assets (2)
in millions of euros

	Tangible fixed assets	Tangible fixed assets under construction	Total
Balance as at 1 January 2014:			
Purchase value	13.1	0.5	13.6
Cumulative depreciation and impairments	-/-8.4	-	-/-8.4
Book value	4.7	0.5	5.2
Movement in the book value:			
Investments	-	0.8	0.8
Commissioning	1.0	-/-1.0	-
Depreciation	-/-1.0	-	-/-1.0
Disposal	-/-1.4	-	-/-1.4
Write-down on disposal	1.4	-	1.4
Impairment losses	-	-	-
Net position	0.0	-/-0.2	-/-0.2
Balance as at 31 December 2014			
Purchase value	**12.7**	**0.3**	**13.0**
Cumulative depreciation and impairments	**-/-8.0**	**-**	**-/-8.0**
Book value	**4.7**	**0.3**	**5.0**

The tangible fixed assets primarily consist of machinery and equipment and computer supplies.

Receivables (3)

in millions of euros	**31 Dec. 2014**	31 Dec. 2013
Trade receivables	**2,312.5**	3,187.4
Taxes	**9.4**	2.9
Other receivables	**9.4**	11.5
Total	**2,331.3**	3,201.8

None of the receivables have a term longer than one year.

A provision for bad debts to the amount of € 1.1 million (2013: € 1.0 million) is reserved as at the balance sheet date.

Cash and bank balances (4)

in millions of euros	**31 Dec. 2014**	31 Dec. 2013
Deposits	**984.0**	699.7
Deposits related parties	**286.0**	0.0
Other cash and bank balances	**111.0**	2.9
Total	**1,381.0**	702.6

The deposits listed under cash and bank balances have a maximum term of three months.

Shareholders' equity (5)

Issued capital

The authorised and issued capital in 2013 and 2014 amounts to € 180 million and is divided into 40,000 shares, each with a nominal value of € 4,500. The issued capital, that is paid in full, is divided as follows:

Energie Beheer Nederland B.V.	40%
Esso Nederland B.V.	25%
Shell Nederland B.V.	25%
Staat der Nederlanden	10%

Unappropriated profit

in millions of euros	
Balance as at 1 January 2014	36.0
Appropriation of the results for the financial year 2013 in accordance with the resolution of the General Meeting of Shareholders	-/-36.0
Unappropriated profit for the financial year 2014	36.0
Balance as at 31 December 2014	36.0

Current liabilities (6)

in millions of euros	**31 Dec. 2014**	31 Dec. 2013
Amounts payable – for gas purchases	**3,244.2**	2,436.5
Amounts payable – to related parties	**175.3**	1,109.1
Other trade amounts payables	**7.3**	5.6
Taxation and social security contributions	**2.3**	2.2
Other debts	**97.7**	166.8
Accrued and deferred income	**4.2**	7.1
Total	**3,531.0**	3,727.3

Financial instruments

General
In the course of its normal business activities the company uses financial instruments that exposes the company to market risk including foreign currency rate risk, interest rate risk, credit risk, liquidity risk. The company uses derivative financial instruments to manage risks. The company does not trade in derivative financial instruments.

Credit risk
The credit risk consists of the loss that would be generated if customers or counterparties were to remain in default and fail to fulfil their contractual obligations. The company has drawn up guidelines with which customers or counterparties must comply. These guidelines limit the risk associated with possible credit concentrations and market risks. If customers or counterparties fail to comply with these guidelines, they will be asked to furnish additional security such as bank guarantees. This prevents the company from running any major credit risks in respect of any individual customer or counterparty. Long-term relations have been built with the majority of customers and counterparties. They fulfilled their payment obligations in 2014.

Interest rate risk
The interest rate risk is limited to potential changes in the market value of funds withdrawn and issued. It is company policy not to use derivative financial instruments to manage fluctuations in interest rates (on an interim basis or otherwise). Given the short-term nature of deposits, the interest rate risk for the year 2014 did not exceed € 100,000.

Liquidity risk
The company monitors its liquidity position through liquidity forecasts. The management ensures that the company always has sufficient liquidity available to meet its commitments. To limit the liquidity risk, GasTerra has at its disposal a commercial paper programme of €1.0 billion as at year-end 2014 (year-end 2013: € 1.0 billion). This programme ended as at 1 January 2015. GasTerra concluded a Deposit and Loan agreement with NAM and EBN in 2014.

Foreign currency risk
From 2013, GasTerra is following a policy of controlling currency risks on receivables and payables in the balance sheet using a bandwidth. Currency risks are only – and fully – hedged by short-term foreign currency contracts, if the unrealised results of those risks fall outside a range set by the company.

Market value
The market value of the majority of the financial instruments recorded in the balance sheet, including receivables, cash and bank and current liabilities, is approximate to the book value of those items as a result of the short maturities.

The estimated market value and the total book value of the gas price swaps as at 31 December are specified in the table below:

in millions of euros	**Estimated market value 2014**	**Book value 2014**	Estimated market value 2013	Book value 2013
Gas price swaps	**0.0**	**0.0**	0.0	0.0
	________	________	________	________
Total	**0.0**	**0.0**	0.0	0.0

As of 31 December 2014, no gas price swaps are due to be settled after the balance sheet date. The estimated market value and the total book value of the gas price swaps as at 31 December 2013 were lower than € 100.000,-.

By applying cost price hedge accounting as set out in the accounting principles, the book value of derivative financial instruments included in the above table is nil.

Off-balance sheet assets and liabilities

Procurement, supply and transport commitments

GasTerra has long-term procurement, supply and transport commitments pursuant to gas purchase, gas sales and transport contracts. The gas purchase and sales prices depend to a large degree on the future market prices of natural gas, as well as the future market prices of other energy carriers. In addition to this, GasTerra has entered into long-term commitments for office rental and ICT service. The financial consequences thereof are of minor significance for assessing the financial position at the end of the financial year.

€ 28.2 million in bank guarantees (2013: € 22.8 million) have been issued to the benefit of GasTerra by third parties.

The long-term supply commitments are covered by long-term purchase contracts, wherein the planned supply to GasTerra of the natural gas from Groningen more than exceeds the long-term supply commitments. The difference between delivery obligations and the import and domestic procurement obligations, are sold by GasTerra, in particular as short-term, in liquid marketplaces.

GasTerra's shareholders have concluded an agreement relating to the after-tax profits to be made by GasTerra. This agreement stipulates that the price of the natural gas from Groningen sold by the Nederlandse Aardolie Maatschappij B.V. (NAM) to GasTerra during the year has been set such that GasTerra will retain the after-tax profits of € 36 million determined for that year by the shareholders. As a result of the implementation of the above agreement, no notes are given on the valuation of the individual gas purchase and sales contracts.

The commitments and rights arising from long-term gas purchase, sales and transport contracts are not shown on the balance sheet.

Long-term gas purchase and sales agreements usually contain renegotiation clauses enabling the parties to review the contract conditions during the term of the agreement, subject to certain conditions. GasTerra regularly renegotiates the long-term gas sales and purchase contracts with the counterparties. It is not possible to arrive at a reliable estimate of the outcomes of these renegotiations.

Underground gas storage

GasTerra has long-term financial commitments with regard to underground gas storage capacity that are not included in the balance sheet and that have an average annual payment commitment of € 0.5 billion (2013: € 0.5 billion). The costs related to underground gas storage are accounted for under the gas purchase costs.

3 Explanatory notes to the profit and loss account

Net turnover (7)

in millions of euros	**2014**	2013
Gas sales	**19,450.4**	24,240.4
Other net turnover	**50.4**	52.4
Total	**19,500.8**	24,292.8

The following is a regional overview of gas sales.

	2014	2013
The Netherlands	**8,043.5**	9,574.1
Rest of Europe	**11,406.9**	14,666.3
Total	**19,450.4**	24,240.4

The volumes decreased by 9.0% to 81.3 billion m^3 compared to 2013. The average selling price is 23.9 cents/m^3 (27.1 cents/m^3 in 2013).

Cost of sales (8)

in millions of euros	**2014**	2013
Gas procurement	**18,819.8**	23,710.5
Transmission costs	**568.6**	509.1
Total	**19,388.4**	24,219.6

The average selling price is 22.6 cents/m^3 (26.0 cents/m^3 in 2013). The gas purchase costs also include the costs connected with underground gas storage.

The exchange rates results recognized in the profit and loss account under the cost of sales amount to € 1.4 million negative (2013: € 6.0 million negative).

Operating expenses (9)

in millions of euros	**2014**	2013
Wages and salaries	**17.3**	22.0
Social security expenses	**1.8**	1.8
Pension expenses	**4.7**	6.4
Costs of work subcontracted and other outside expenses	**21.5**	19.3
Depreciation charges	**10.5**	10.5
Other operating expenses	**9.6**	10.3
Total	**65.4**	70.2

Net financial income and expenses (10)

in millions of euros	**2014**	2013
Interest income	**1.3**	45.7
Financial income	**1.3**	45.7
Interest charges	**-/-0.3**	-/-0.7
Financing costs	**-**	-
Financial expenses	**-/-0.3**	-/-0.7
Net position	**1.0**	45.0

Tax on profit from ordinary activities (11)

The effective tax rate for 2014: 25.0 per cent (2013: 25.0 per cent).

Transactions with related parties

Transactions with related parties take place when GasTerra conducts transactions with its Directors, its senior executives or its shareholders.

The shareholders Energie Beheer Nederland B.V., Esso Nederland B.V. and Shell Nederland B.V. are classified as related parties of GasTerra.

Transactions between GasTerra and the related parties are processed based on market terms and conditions.

Number of employees

At year-end 2014, the number of employees in full-time equivalent positions was 179 (2013: 186). The average number of employees in full-time equivalent positions during the financial year was 183 (2013: 186).

Auditor’s fees

During the financial year, the following fees charged by KPMG Accountants N.V. were charged to the company, as referred to in Section 2:382a of the Dutch Civil Code (BW):

amounts in euros	**2014 KPMG Accountants N.V.**	**2014 Other KPMG network**	2013 KPMG Accountants N.V.	2013 Other KPMG network
Audit of the financial statements	**205,000**	**-**	230,000	22,165
Other audit engagements	**24,500**	**-**	-	-
Other non-audit related services	**-**	**68,000**	-	100.890
Tax advice	**-**	**-**	-	-
	229,500	**68,000**	230,000	123,055

Remuneration of Directors and (former) Supervisory Directors

The remuneration policy of GasTerra is aimed at motivating and retaining Directors of the company who are capable of heading a large enterprise and remunerating them based on their performance. The remuneration policy as regards the company’s Supervisory Directors is one of restraint.

Directors of the company
The remuneration for the executive director of the company, G.J. Lankhorst M.A., is as follows:

	2014	2013
Periodical remuneration (excluding employer's social security expenses)	**€ 369,916**	€ 338,975
Employer's social security expenses	**€ 9,342**	€ 8,808
Periodical remuneration (including employer's social security expenses)	**€ 379,258**	€ 347,783
Variable remuneration	**€ 84,002**	€ 84,002
Employer's pension premium contribution	**€ 74,449**	€ 89,907
	€ 537,709	€ 521,692

The aforementioned bonus payments are based on achieving the agreed objectives during the year under review. In 2014, there were no charges ensuing from the 'crisis levy' (Act elaborating Budgetary Agreement fiscal measures 2013). In 2013, the charge ensuing from the crisis levy was € 40,009. GasTerra did not include this amount in remuneration for the executive director of the company. GasTerra holds an insurance policy that offers Directors and Supervisory Directors coverage in the event of their liability.

Supervisory directors of the company
The total remuneration for the (former) members of the Board of Supervisory Directors for the financial year 2014 amounts to € 53,546 (2013: € 55,437).

Board of Management
G.J. Lankhorst M.A., Chief Executive Officer

Board of Supervisory Directors
C.W.M. Dessens M.A., Chairperson

D.A. Benschop M.A.

J.D. Bokhoven MSc.

P. Dekker MSc.

M.E.P. Dierikx M.A.

J.M. Van Roost MSc.

F.A.E. Schittecatte MSc.

Groningen, 12 February 2015

Other information

Statutory provisions regarding profit appropriation

Pursuant to Article 24 of the articles of association of GasTerra, the profit is at the disposal of the General Meeting of Shareholders, with consideration to the provision that such parts of the available profit will be reserved as specified by the Supervisory Board.

Proposal for the distribution of profit

The board is proposing to pay out all of the net profits for 2014, amounting to € 36 million, to the shareholders.

Subsequent events

After the balance sheet date, no events took place that had significant financial consequences for GasTerra.

Independent Auditor's Report

To: the Board of Directors of GasTerra B.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of GasTerra B.V., Groningen, which comprise the balance sheet as at 31 December 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the annual report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GasTerra B.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the annual report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Groningen, 12 February 2015

KPMG Accountants N.V.

J.F.G. Morsink RA