## Key Data First Half-Year 2010

- **Consolidated net profit for the first half of the year: €64 million**
- **€205 million of investments**
- **Changes in share ownership and Fluxys's structure:**
  - Acquisition by Publigas of the whole of Electrabel's stake in Fluxys
  - Establishment of Fluxys Holding
- **Development of regulated activities in Belgium:**
  - Truck loading and small LNG carrier loading services
  - Peak storage activity in the Zeebrugge inner port discontinued
- **Development of non-regulated activities and activities outside Belgium:**
  - Increase in natural gas volumes at the Zeebrugge Hub
  - Agreement in principle with Wingas about a 19% Fluxys stake in the Northern European Pipeline (NEL) project
  - Fluxys a candidate partner in the Dunkirk LNG Terminal project

*For detailed reporting of the first half of 2010, see the Fluxys Group's half-yearly financial report at www.fluxys.com*

## Contents

# 1. Fluxys Group – results as of 30 June 2010 (IFRS)

In accordance with the applicable requirements, an interim management report is available on our website at www.fluxys.com.

## 1.1 Accounting principles and methods

The accounting principles and methods adopted in the 2010 half-year financial statements are identical to those used in the most recent annual financial statements.

## 1.2 Consolidation scope

**Fluxys LNG:**
Fluxys SA acquired the 6.8% stake Electrabel held in Fluxys LNG for €28 million, thereby making Fluxys LNG a wholly owned subsidiary of Fluxys SA with effect from 1 January 2010 in the consolidated financial statements.

The value of this stake in the consolidation was €19.1 million, meaning that a difference of €8.9 million was booked in the Group's share of equity.

**Guimard SA:**
Fluxys Group acquired the whole of the company Guimard SA for €11.7 million with effect from 1 April 2010 in the consolidated financial statements.

Guimard SA's sole activity is its ownership of a building largely accommodating Fluxys staff.

## 1.3 Fluxys & Co business combination completed

As indicated in Note 3 of the 2009 annual financial report, the accounting for the Fluxys & Co business combination was completed in the second half of 2009.

Therefore, in accordance with IFRS 3, the financial statements as at 30 June 2009 were restated on the basis of the same principles that were applied in the 2009 accounting year. As a result, the half-yearly result as per 30 June 2009 fell from €61.0 million to €52.1 million, mainly because of additional depreciation expenses.

Pending judicial and regulatory decisions, the final acquisition price for the border-to-border transmission contracts of Fluxys & Co (formerly Distrigas & C°) has not yet been set. By way of reminder: under the agreements concluded between Electrabel and Publigas in the first half of the year, Publigas took over all the guarantees provided to Fluxys regarding the value of those assets.

### 1.4 Summary consolidated income statement (€ thousand)

| **Consolidated income statement** | | **(€ thousand)** |
|---|---|---|
| | **30-06-2010** | **30-06-2009 restated** |
| Operating Income | 344,979 | 350,548 |
| Other operating income | 4,262 | 3,775 |
| Consumables, merchandise and supplies used | -15,792 | -19,606 |
| Miscellaneous goods and services | -67,675 | -77,101 |
| Employee expenses | -59,944 | -55,705 |
| Other operating charges[1] | -34,889 | -2,768 |
| Depreciation and amortisation | -57,412 | -57,055 |
| Provisions | -7,733 | -45,090 |
| Impairment losses | 2,261 | -5,024 |
| **Profit from continuing operations** | **108,057** | **91,974** |
| Change in the fair value of financial instruments | 179 | -1,012 |
| Financial income | 9,391 | 6,608 |
| Financial expenses | -26,198 | -20,511 |
| **Profit from continuing operations after net financial results** | **91,429** | **77,059** |
| Income tax expense | -27,808 | -24,992 |
| **Net profit for the period** | **63,621** | **52,067** |
| Fluxys share | 63,393 | 51,012 |
| Non-controlling interests | 228 | 1,055 |
| | | |
| Net earnings per share (in €) | 90.2217 | 72.6009 |
| Diluted earnings per share (in €) | 90.2217 | 72.6009 |

[1] The other operating charges include in 2010 the loss on disposal resulting from the decision to stop the operations of the peak shaving facility at Dudzele. Based on the tariff legislation, these are recharged via the operating revenue.

### 1.5 Summary statement of comprehensive income (€ thousand)

| **Statement of comprehensive income** | | **(€ thousand)** |
|---|---|---|
| | **30-06-2010** | **30-06-2009 restated** |
| **Net profit for the period** | **63,621** | **52,067** |
| Actuarial gains/losses on provisions for post-employment benefits | 2,407 | -1,836 |
| Translation adjustments | 439 | 719 |
| Income tax expense for other comprehensive income | -819 | 624 |
| **Other comprehensive income** | **2,027** | **-493** |
| **Comprehensive income for the period** | **65,648** | **51,574** |
| Fluxys share | 65,420 | 50,521 |
| Non-controlling interest | 228 | 1,053 |

**Operating revenue.** Operating revenue for the first half of 2010 was €344,979 thousand, compared to €350,548 thousand for the first half of 2009, i.e. a decrease of €5,569 thousand.

This revenue breaks down as follows:

- €307,468 thousand (89.1%) from regulated activities, i.e. natural gas transmission and storage and liquefied natural gas (LNG) terminalling in Belgium. This is a decrease of €7,712 thousand compared to the same period in 2009. By way of reminder, new natural gas transmission and storage tariffs have been in place for all grid users since 1 January 2010. These tariffs are significantly lower than the tariffs applied in 2009, but this decrease in tariffs is alleviated by the one-off impact of the decision to halt the operations of the peak shaving facility at Dudzele. Based on the tariff legislation, the decommissioning costs corresponding to this facility and the non depreciated part of the Regulated Asset Base in the tariffs were booked as regulatory assets.
- €37,511 thousand (10.9%) from the other operating activities of the company, representing an increase of €2,143 thousand compared to the first half of 2009, mainly as a result of the trend in the sales of software solutions to operators on the gas market and the rise in income from our stake in the BBL infrastructure in the Netherlands.

**Profit from continuing operations.** In terms of the profit from continuing operations, there was an increase for our regulated activities compared to the first half of 2009. This increase is due mainly to the effects mentioned above of the closure of the peak shaving facility at Dudzele and the continued investment programme, which is nevertheless offset by the drop in the authorised return on capital invested in the regulated activities, following the decrease in the rates of Belgian government bonds (OLOs).

**Net financial income.** Financial income is down €1,713 thousand compared to the same period in 2009. This decrease is due mainly to the increase in interest charges on loans issued or taken out during 2009. However, this impact is partially offset by collection of the initial dividends arising from the stake that Fluxys acquired in Interconnector (UK) Ltd and by the increase in the value of its financial hedging instruments.

**Income tax expense.** The €2,816 thousand increase in income tax expense is principally the result of the change in profit before tax.

### 1.6 Summary consolidated balance sheet (€ thousand)

| **ASSETS** | | **(€ thousand)** |
|---|---|---|
| | **30-06-2010** | **31-12-2009** |
| **I. Non-current assets** | **2,724,698** | **2,739,610** |
| Property, plant and equipment | 2,344,392 | 2,326,330 |
| Intangible assets | 296,623 | 296,485 |
| Goodwill | 3,764 | 3,465 |
| Other assets | 70 | 84,242 |
| Finance lease receivables | 29,088 | 29,088 |
| Other non-current assets | 50,761 | 0 |
| **II. Current assets** | **876,769** | **704,555** |
| Inventories | 64,827 | 67,851 |
| Other current financial assets | 24,293 | 23,250 |
| Finance lease receivables | 697 | 1,395 |
| Income tax receivable | 2,467 | 4,838 |
| Trade and other receivables | 60,943 | 64,511 |
| Short-term investments | 189,935 | 16,025 |
| Cash and cash equivalents | 292,041 | 514,389 |
| Other current assets | 8,101 | 12,296 |
| Assets held for sale | 233,465 | 0 |
| **Total assets** | **3,601,467** | **3,444,165** |

**Non-current assets.** The decrease in non-current assets is due primarily to the transfer of the assets underpinning the stakes in Fluxys Europe BV (formerly Fluxys NL BV), Fluxys Finance SA (formerly Fluxys Europe SA), Huberator, GMSL, C4Gas and APX to ‘Assets held for sale’ following the Group’s announced restructuring. The investments that were made during the first half of the year (€202,579 thousand) are connected mainly to the laying of transmission pipelines (€98,958 thousand, including the RTR2 infrastructure (€76,282 thousand)), compressor stations (€30,046 thousand), the expansion of storage capacity at Loenhout (€18,152 thousand) and the acquisition of a company that owns a building in Brussels.

The disposals that were booked in the first half of 2010 mainly relate to the decommissioning of the peak shaving facility at Dudzele.

During the first half of the year, depreciations recorded on property, plant and equipment totalled €53,240 thousand.

**Current assets.** Total current assets increased, due mainly to the reclassification (mentioned above) of assets held for sale. There has been an overall decrease in short-term investments and cash and cash equivalents following investments that were made in the first half of the year.

| **EQUITY AND LIABILITIES** | | **(€ thousand)** |
|---|---|---|
| | **30-06-2010** | **31-12-2009** |
| **I. Equity** | **1,377,008** | **1,388,995** |
| Equity attributable to the equity holders of the parent company | 1,376,405 | 1,369,083 |
| *Share capital and share premiums* | *60,310* | *60,310* |
| *Retained earnings* | *1,316,875* | *1,309,992* |
| *Translation adjustments* | *-780* | *-1,219* |
| Non-controlling interests | 603 | 19,912 |
| **II. Non-current liabilities** | **1,735,860** | **1,659,646** |
| Interest-bearing borrowings | 1,124,859 | 1,040,580 |
| Provisions | 34,602 | 23,542 |
| Provisions for employee benefits | 61,349 | 65,165 |
| Deferred tax liabilities | 515,050 | 530,359 |
| **III. Current liabilities** | **488,599** | **395,524** |
| Interest-bearing borrowings | 139,855 | 81,998 |
| Provisions | 178,035 | 178,232 |
| Provisions for employee benefits | 4,104 | 4,342 |
| Other current financial liabilities | 5,018 | 3,806 |
| Income tax payable | 26,006 | 11,717 |
| Trade and other payables | 119,228 | 113,034 |
| Other liabilities | 5,585 | 2,395 |
| Liabilities related to assets held for sale | 10,768 | 0 |
| **Total equity and liabilities** | **3,601,467** | **3,444,165** |

**Current liabilities.** The increase in interest-bearing borrowings is primarily a result of the issue of commercial papers amounting to €76.2 million on 30 June 2010. Liabilities related to assets held for sale were also reclassified on 30 June 2010.

**Equity.** Equity changed as follows during the first half of the year:

| **Summary statement of changes in equity** | | | **(€ thousand)** |
|---|---|---|---|
| | **Equity attributable to the equity holders of the parent company** | **Non-controlling interests** | **Total equity** |
| **CLOSING BALANCE AS AT 31-12-2009** | **1,369,083** | **19,912** | **1,388,995** |
| 1. Comprehensive income for the period | 65,420 | 228 | 65,648 |
| 2. Dividends paid | -49,185 | -450 | -49,635 |
| 3. Changes in consolidation scope | -8,913 | -19,087 | -28,000 |
| 4. Other variations | 0 | 0 | 0 |
| **V. CLOSING BALANCE AS AT 30-06-2010** | **1,376,405** | **603** | **1,377,008** |

### 1.7 Summary consolidated cash-flow statement (€ thousand)

| **Summary cash-flow statement** | | **(€ thousand)** |
|---|---|---|
| | **30-06-2010** | **30-06-2009** |
| **Cash and cash equivalents at the start of the period *** | **530,414** | **166,658** |
| Cash flows relating to operating activities (1) | 167,019 | 189,918 |
| Cash flows relating to investing activities (2) | -205,561 | -83,725 |
| Cash flows relating to financing activities (3) | -7,324 | 17,988 |
| Transfers to assets held for sale | -2,572 | 0 |
| (Increase)/decrease in cash and cash equivalents | -48,438 | 124,181 |
| **Cash and cash equivalents at the end of the period *** | **481,976** | **290,839** |

*(1) Cash flows relating to operating activities also include changes in the working capital requirement and tax paid.*
*(2) This amount factors in disinvestments.*
*(3) These cash flows comprise dividends paid.*

** 'Cash and cash equivalents' includes cash, cash equivalents and short-term investments. As at 30 June 2009, the latter were included under 'Cash flows relating to financing activities'.*

# 2. Events after the closing of the first half-year accounts

There have been no subsequent events with a material impact on the summary financial statements. The announced restructuring of the Fluxys Group will be completed by the end of the third quarter of 2010.

# 3. Development of regulated activities in Belgium

## 3.1 Investments

**Investments of €205 million.** The sizeble Fluxys investment programme is designed to enable the company to respond to changes in consumption in Belgium and to consolidate in a long-term perspective the attractiveness of Belgium as a crossroads for natural gas in North-Western Europe. An overall budget of some €400 million has been earmarked for projects planned in 2010. €205 million was already spent in the first six months of the year. During this same period in 2009, Fluxys made investments of €84 million.

The main projects for the first half of 2010 were:

- starting to lay a second pipeline between Raeren and Opwijk (RTR2 project); the pipeline – which is being laid parallel to the existing Zeebrugge/Zelzate–Eynatten (RTR1) pipeline - is to boost east/west transmission capacity in the Fluxys grid;
- completing the laying of the Lommel-Ham-Tessenderlo pipeline;
- completing the laying of the Dilsen-Boslaan pipeline;
- upgrading compressor stations and increasing compression capacity (2009-2014);
- enhancing the capacity of the underground storage facility at Loenhout: the objective is to gradually increase workable storage capacity by 15% from 600 to 700 million cubic metres over a period of four years (2008-2011);
- connecting two combined heat and power (CHP) units in Antwerp and an industrial end-user (Algiest Bruggeman) in Ghent;
- preparing construction of an open rack vaporiser at the Zeebrugge LNG Terminal.

**Annual update of the investment programme.** Each year, Fluxys updates its rolling ten-year indicative investment programme for its three core activities in Belgium. From 2002 onwards, the company gradually increased its budget earmarked for investments in Belgium by €700 million, to reach €2.8 billion. In 2010, the budget for the next 10 years was revised downwards to €2.1 billion.

This decrease is due in part to an adjustment of project budgets to match the trend in market prices. In addition, system users have been adopting a more prudent approach as to booking capacity both in Belgium and elsewhere in Europe and when extending their existing contracts. Against this new backdrop, the main step Fluxys has taken has been to adjust the scope of its north/south project with a view to avoiding overinvestment.

### 3.2 Transmission

**Offtakes.** In the first half of 2010, natural gas consumption in Belgium was up 16.5% on the same period in 2009. During the first half of the year, industrial companies that were directly connected to the Fluxys grid consumed about 12% more than in the same period in 2009. From January to June 2010, consumption of power stations directly connected to the grid was as much as 27% above the consumption recorded in the same period in the previous year. In the first six months of 2010, Fluxys also transmitted 13% more natural gas than to local distribution companies in the first half of 2009.

**Fluxys and GRTgaz: open season with a view to developing firm transmission capacity from France to Belgium.** On 31 May 2010, Fluxys and GRTgaz jointly launched an open season process to assess the level of demand for long-term transmission capacity from France to Belgium. Such capacities would link the Zeebrugge and PEG Nord (*Point d'Échange de Gaz Nord*) spot markets and through Zeebrugge, system users would be offered optimum destination flexibility for their gas flows from France.

Fluxys signed confidentiality agreements with some 20 system users. Fluxys and GRTgaz expect launching the binding phase of the open season in the autumn of 2010.

### 3.3 LNG terminalling

**Zeebrugge LNG Terminal achieves a first in Europe by loading a small LNG carrier.** In May 2010, a small LNG carrier was loaded at the Fluxys LNG terminal in Zeebrugge – a first in Europe. The ship loaded at the LNG terminal in Zeebrugge was the Coral Methane, a vessel with a capacity of 7,500 cubic metres.

**Truck loading service as well.** The truck loading service, introduced in June, represents a further expansion in the range of services on offer at the LNG terminal. Transporting LNG by road is a particularly useful alternative for supplying natural gas to industrial sites in Europe where no pipeline supplies are available. The new service also offers terminal users the opportunity to further broaden their options in the destination flexibility for the LNG they have shipped into the facility.

### 3.4 Storage

**Fluxys launches flexible short-term storage capacity.** Since 1 July 2010, Fluxys has been offering flexible short-term storage capacity through the innovative virtual storage service. The new service enables system users to almost instantaneously park or lend natural gas in the Fluxys system so as to optimise their supplies to customers or transfers on the Zeebrugge Hub spot market.

**Peak storage activity in the Zeebrugge inner port discontinued.** The market is no longer interested in booking peak LNG storage capacity in the Zeebrugge inner port, even in the medium term, because nowadays grid users have a wide range of more flexible peak storage capacity services to choose between in North-West Europe. Therefore peak storage activity on the site was discontinued on 1 July 2010.

## 4. Development of non-regulated activities and activities outside Belgium

**Zeebrugge Hub.** In the first half of 2010, net traded volumes at the Hub were up 2.1% on the same period in 2009, which was already an outstanding year. The volumes that were physically delivered rose by 19%, an increase that was mainly triggered by power stations being directly supplied from the Zeebrugge Hub. Interest in trading on the Zeebrugge Hub remained strong as well, with the number of active traders increasing from 76 at the end of 2009 to 80 on 30 June 2010.

**Stake in planned North European Gas Pipeline (NEL).** Fluxys and Wingas have concluded a Term Sheet under which Fluxys would acquire a 19% stake in the future North European Gas Pipeline (NEL). The NEL-link is one of the two pipelines planned in Germany for accomodating downstream gas flows from the Nord Stream pipeline, which is going to bring additional volumes of Russian natural gas through the Baltic Sea to Europe, and in particular to Germany, Belgium, the Netherlands, France and the UK.

**Fluxys Group a candidate partner in Dunkirk LNG Terminal.** Fluxys has submitted a bid for a stake of up to 25% in the Dunkirk LNG Terminal, a project initiated by French power generator EDF. In line with this project, Fluxys launched an open season in cooperation with French operator GRTgaz with a view to assessing the interest of the market in transmission capacity from France to Belgium (see p. 10). A pipeline linking the Zeebrugge and Dunkirk areas would also create additional utilisation flexibility.

# 5. Corporate governance

### 5.1 Changes in share ownership

On Tuesday, 23 March 2010, Publigas and the GDF SUEZ Group concluded an agreement regarding the sale of Electrabel's 38.50% stake in Fluxys. The transaction, which was closed on 5 May 2010, increased Publigas's stake in Fluxys to 89.97% and put an end to the GDF SUEZ Group's ownership of stakes in Fluxys.

Under the agreement between Publigas and the GDF SUEZ Group, the GDF SUEZ Group's 5% stake in Interconnector (UK) Ltd (IUK) was transferred to Fluxys NL, thereby increasing the Fluxys Group's stake in IUK to 15%. The GDF SUEZ Group also transferred its 6.8% stake in Fluxys LNG to Fluxys: on 5 May 2010, Fluxys LNG became a wholly owned subsidiary of Fluxys.

### 5.2 Fluxys and Publigas adapt their structures

On 12 July 2010, Publigas set up Fluxys Holding SA, a subsidiary in which Publigas will incorporate its entire stake in Fluxys SA in September.

The restructuring operation will be completed by the end of September 2010. Upon completion, the following subsidiaries will be part of Fluxys Holding:

- Fluxys SA, which will continue to be the entity for regulated activities in Belgium;
- Fluxys Europe BV (formerly Fluxys NL BV), incorporating the stakes in non-regulated activities in Belgium and in companies active abroad;
- Fluxys Finance SA (formerly Fluxys Europe SA), centralising cash-pooling management and the financing of the Fluxys Holding Group.

## 6. Prospects

As part of the announced restructuring of the Group, Fluxys SA will sell its stakes in Fluxys Europe BV (formerly Fluxys NL BV), Fluxys Finance SA (formerly Fluxys Europe SA), Huberator, GMSL, C4Gas and APX, for around €323 million in total, and will record a gain of €161 million in its 2010 statutory accounts under Belgian GAAP.

Fluxys SA will no longer receive the result from the transferred subsidiaries, and this is reflected by a decrease of around €9 million in the statutory annual result (based on the net result for 2009). However, the proposed total disposal price includes expected future income from the transferred companies, at its current value.

## 7. External audit

The statutory auditor has confirmed that based on his limited review, which has been worked through thoroughly, nothing has come to his attention that causes to believe that significant adjustments are reguired to the accounting information in this press release.

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**Other languages:** this press release is also available in French and Dutch on the Fluxys website: www.fluxys.com.