

Key data first half-year 2011

- Consolidated net profit for the first half of the year: €59 million
- €142 million of investments
- May 2011 a record month at Zeebrugge LNG Terminal
- Projects to enhance the pivotal role of the Zeebrugge area

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For detailed reporting of the first half of 2011, see the half-yearly financial report of Fluxys and its subsidiaries at www.fluxys.com

1. Results as of 30 June 2011 (IFRS)

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

1.1 Introduction

Accounting principles and methods. The accounting principles and methods adopted in the 2011 half-year financial statements are identical to those used in the most recent annual financial statements.

Changes in the consolidation scope. The extraordinary general meetings of Fluxys SA (10 May 2011) and of its wholly-owned subsidiary Guimard SA (9 May 2011) decided that Guimard should be taken over by Fluxys SA. Guimard owned the building that Fluxys uses to accommodate some of its central services. The simplified merger is part of the reorganisation of the structure of the Fluxys Group that took place in 2010. The transaction has no impact on the consolidated financial statements.

Reorganisation of the Group's structure. In September 2010, the Fluxys Group's structure was reorganised. In the first half of 2010, the subsidiaries Fluxys Europe, Huberator and GMSL which were sold on 30 September 2010 continued to contribute to the consolidated profit from continuing operations, namely to the tune of €15M. This needs to be taken into account when making a comparison with the first half of 2011. Fluxys and its subsidiaries are controlled by Fluxys G.

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1.2 Summary of consolidated income

Summary of consolidated income	(€ thousand)	
	30.06.2011	30.06.2010
Operating revenue	311,029	344,979
Other operating income	5,574	4,262
Consumables, merchandise and supplies used	-27,302	-15,792
Miscellaneous goods and services	-66,331	-67,675
Employee expenses	-59,591	-59,944
Other operating expenses ¹	-3,147	-34,889
Net depreciation and amortisation	-59,058	-57,412
Net provisions	6,763	-7,733
Impairment losses	0	2,261
Profit from continuing operations	107,937	108,057
Actual change in the fair value of financial instruments	476	179
Financial income	6,516	9,391
Financial expenses	-25,936	-26,198
Profit from continuing operations after net financial results	88,993	91,429
Income tax expense	-30,187	-27,808
Net profit for the period	58,806	63,621
Fluxys share	58,806	63,393
Non-controlling interests	0	228
Net earnings per share (in €)	83.6934	90.2217
Diluted earnings per share (in €)	83.6934	90.2217

¹ The other operating expenses included 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.

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1.3 Summary of consolidated comprehensive income

Summary of consolidated comprehensive income	(€ thousand)	
	30.06.2011	30.06.2010
Net profit for the period	58,806	63,621
Actuarial gains/losses on provisions for post-employment benefits	2,658	2,407
Translation adjustments	0	439
Income tax expense on other comprehensive income	-904	-819
Other comprehensive income	1,754	2,027
Comprehensive income for the period	60,560	65,648
Fluxys share	60,560	65,420
Non-controlling interests	0	228

Operating revenue. Operating revenue for the first half of 2011 is €311,029 thousand, compared to €344,979 thousand for the first half of 2010, a decrease of €33,950 thousand.

This revenue breaks down as follows:

- €295,799 thousand (95.1%) from regulated activities, i.e. natural gas transmission and storage and liquefied natural gas (LNG) terminalling in Belgium. This is a decrease of €11,669 thousand compared to the same period in 2010 – a result of the one-off impact on the 2010 results 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 in 2010. The income from transmission and terminalling operations increased mainly due to the transactions to maintain the balance of the grid and also as a result of charging the customer for the energy consumption of operations.
- €15,230 thousand (4.9%) from the other operating activities of the company, representing a decrease of €22,281 thousand compared to the first half of 2010. By way of reminder, 'Other operating income' in the first half of 2010 also included the income from Fluxys Europe, Huberator and GMSL. The change in the consolidation scope explains the decrease mentioned above.

Profit from continuing operations. The profit from continuing operations is €107.9 million for the first half of 2011, compared to €108.1 million for the first half of 2010, which included the one-off impact (mentioned above) of the closure of the peak shaving facility at Dudzele and the contribution of Fluxys Europe, Huberator and GMSL. In contrast, the increase in the capital invested and in the authorised return in the regulated activities as a result of the increase in the rates of Belgian government linear bonds (OLOs) had a positive influence on income.

Net financial income. Financial income is down €2,316 thousand compared to the same period in 2010. This decrease is mainly due to the receipt in 2010 of the dividends arising from the stake in

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Interconnector (UK) Ltd, which was transferred to the Fluxys G Group following the sale of Fluxys Europe on 30 September 2010.

Income tax expense. The €2,379 thousand increase in income tax expense is principally the result of the decrease in the notional interest deductible from the taxable basis and of the dividends received deduction that has been received in 2010.

1.4 Summary of consolidated balance sheet

ASSETS	(€ thousand)	
	30.06.2011	31.12.2010
I. Non-current assets	2,904,148	2,827,466
Property, plant and equipment	2,530,728	2,444,505
Intangible assets	293,351	295,353
Other financial assets	39	39
Finance lease receivables	27,370	27,370
Loans and receivables	52,660	60,199
II. Current assets	600,872	724,267
Inventories	47,062	51,902
Other current financial assets	24,984	24,368
Finance lease receivables	859	1,718
Current tax receivable	13,542	2,525
Trade and other receivables	59,635	59,998
Short-term investments	54,143	18,592
Cash and cash equivalents	396,724	559,173
Other current assets	3,923	5,991
Total assets	3,505,020	3,551,733

Non-current assets. The increase in non-current assets is due primarily to the investments that were made in the first half of the year (€141,934 thousand) and that are connected mainly to the laying of transmission pipelines (€64,656 thousand, including the RTR2 infrastructure (€44,473 thousand)), compressor stations (€58,565 thousand) and also the expansion of storage capacity at Loenhout (€5,765 thousand).

During the first half of the year, depreciations recorded on property, plant and equipment totalled €55,227 thousand.

Current assets. The decrease in current assets is due to the use of cash and cash equivalents needed for the investments made in the first half of the year.

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EQUITY AND LIABILITIES	(€ thousand)	
	30.06.2011	31.12.2010
I. Equity	1,306,696	1,400,717
Equity attributable to the equity holders of the parent company	1,306,696	1,400,716
<i>Share capital and share premiums</i>	<i>60,310</i>	<i>60,310</i>
<i>Retained earnings and other reserves</i>	<i>1,246,386</i>	<i>1,340,406</i>
Non-controlling interests	0	1
II. Non-current liabilities	1,764,121	1,761,342
Interest-bearing borrowings	1,175,190	1,161,314
Provisions	28,848	29,016
Provisions for employee benefits	54,276	58,925
Deferred tax liabilities	505,807	512,087
III. Current liabilities	434,203	389,674
Interest-bearing borrowings	133,081	86,366
Provisions	174,672	178,796
Provisions for employee benefits	3,665	3,965
Other current financial liabilities	2,992	3,005
Current tax payable	17,258	15,129
Trade and other payables	97,537	100,314
Other current liabilities	4,998	2,099
Total equity and liabilities	3,505,020	3,551,733

Current liabilities. The increase in interest-bearing borrowings is a result both of financial debts that were entered into to meet short-term cash requirements and of short-term regulatory liabilities.

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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 31.12.2010	1,400,716	1	1,400,717
1. Comprehensive income for the period	60,560	0	60,560
2. Dividends paid	-154,580	-1	-154,581
3. Changes in consolidation scope	0	0	0
4. Other variations	0	0	0
CLOSING BALANCE AS AT 30.06.2011	1,306,696	0	1,306,696

1.5 Summary consolidated cash-flow

	(€ thousand)	
	30.06.2011	30.06.2010
Cash at the start of the period	559,173	530,414
Cash flows from operating activities ²	124,454	167,019
Cash flows relating to investing activities ³	-143,279	-205,561
Cash flows relating to financing activities ⁴	-143,624	-7,324
Transfer to assets held for sale	0	-2,572
(Increase)/decrease in cash	-162,449	-48,438
Cash at the end of the period	396,724	481,976

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.

² Cash flows from operating activities also include changes in the working capital requirement and tax paid.

³ This amount factors in disinvestments.

⁴ These cash flows comprise dividends paid.

3. Activities and services

€142 million of investments. In 2011, Fluxys is planning to invest €270 million in projects. In the first half of the year, a total of €142 million was invested. The key projects in 2011 are:

- the last phase in the capacity enhancement of the underground storage facility at Loenhout;
- works, started in the autumn of 2010, at the Zeebrugge LNG terminal on an open rack vaporiser that will use the heat of seawater to regasify LNG;
- upgrading of compressor stations and enhancing compressor capacity (2009-2014);
- finish off of pipelines for which works already started in 2010 (Ghent Zeehaven, Eynatten-Opwijk, Péronnes-Leernes-Dampremy) - in total, 200 km of new pipelines are involved;
- works in the Zeebrugge area to create extra ways of adjusting the composition of natural gas, including adjustments on the former peak shaving site and the laying of a new pipeline in the Zeebrugge inner port (4.5 km);
- new connections for a power station at Marcinelle, and also for industrial customers (Leuven, Feluy, Tienen and Lessines), and for new combined heat and power (CHP) facilities (Virginal and Langerbrugge).

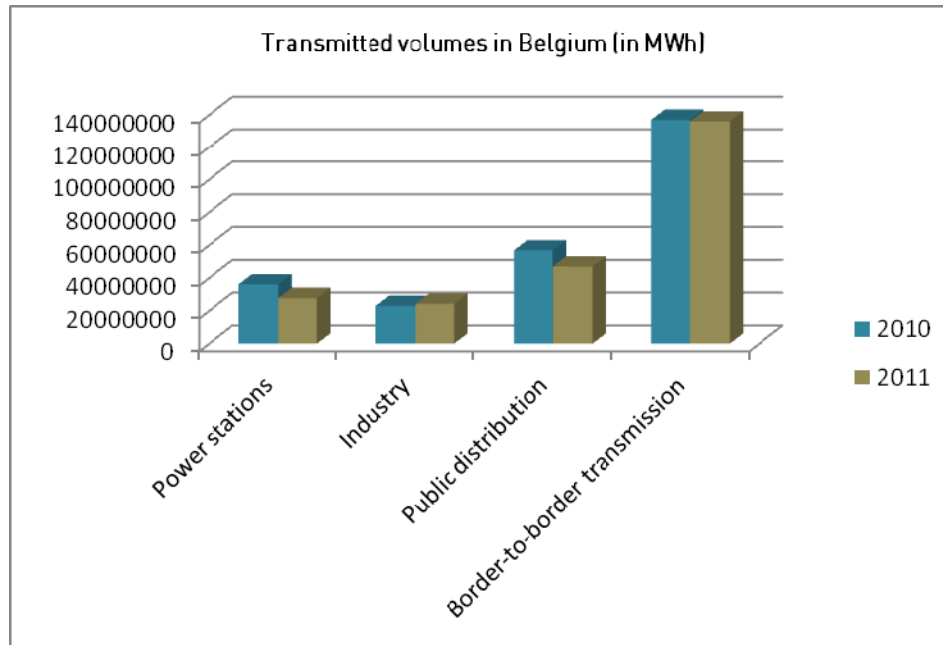
Transmission volumes. In the first half of 2011, Fluxys transmitted 7% less natural gas in its grid than in the same period of 2010. Volumes transmitted for consumption on the Belgian market fell 15% whilst volumes transmitted for other markets remained more or less at the same level. The evolution of the volumes has no direct impact on turnover, which is mainly determined by the reserved capacity.

Regarding the energy transmitted for consumption on the Belgian market (99 TWh, compared to 116 TWh in the same period of 2010), the economic recovery could only partially offset the effect of the mild weather and the reduced consumption of power stations.

- Offtake from the Fluxys grid by distribution system operators (accounting for 47% of offtake in Belgium), who pass natural gas on to SMEs and households, down 17%. That decrease is mainly due to the application of energy-saving measures and to the particularly mild weather. There were 1,153 'degree days' (an indicator of heating requirements) in the first half of 2011, compared to 1,595 such days in the same period of the previous year and an average of 1,429 'degree days' in the first halves of the past 30 years.
- Power stations (28% of offtake in Belgium) consumed 23% less and they are now back at the same level as in 2008 and 2009. The first half of 2010 saw indeed a particularly high level of electricity generation through natural gas. In the first half of 2011, however, the natural gas price was the poor relation in the energy mix.
- Consumption by industrial companies that are directly connected to the Fluxys grid (25% of offtake in Belgium) rose 6%, bringing them back to about the same level as before the financial and economic crisis.

To attract natural gas for the Belgian market, natural gas flows that are transmitted through Belgium on the way to their final destination have to be attracted. In the first 6 months of 2011, approximately 60% of natural gas transmissions were in this way destined for foreign markets and

were delivered at the border points to France, the United Kingdom, the Netherlands, Germany and Luxembourg. Volumes transmitted, standing at 136 TWh, remained at more or less the same level as in the first half of 2010 (137 TWh).



May 2011 a record month at Zeebrugge LNG Terminal. In the first half of 2011 Fluxys LNG unloaded 41 ships at the LNG terminal in Zeebrugge. The month that particularly stands out is May, with 11 unloaded LNG carriers bringing 1.7 million m³ of LNG (40.8 million MWh) to Belgium, i.e. around 30% more than the total volume unloaded in the previous record month of August 2010.

Long-term contracts for storage at Loenhout. The Gas Act has been adapted with regard to storage in line with the new EU Regulations on access to the networks and security of supply. Long-term contracts are now a possibility, and the previous priority given to system users who supply the Belgian market has been replaced by a requirement for storage facility users to make natural gas and/or capacity available for protected consumers in Belgium in the event of an emergency. Fluxys is expecting in the autumn to organise bookings for long-term capacity in the autumn for all interested market players and to have long-term contracts ready by the start of the next storage season in April 2012. Fluxys has sold 700 million m³ of storage capacity for the storage season 2011-2012.

4. Business development

Central role of the Zeebrugge area reinforced. The Zeebrugge area plays a key role in the crossroads function of the Fluxys grid. Fluxys has multiple projects under way to reinforce that role.

- In September 2011 the Zeebrugge Port Authority will start works on the underwater structure of a second jetty at the LNG terminal. The jetty will begin operations in 2014.
- Following the closing of open season in September and depending on binding capacity reservations received, Fluxys will prepare the investment decision to build a fifth storage tank at the LNG terminal.
- Starting in September 2011 Q-Max ships will be able to unload at the LNG terminal. These are the largest LNG carriers in the world, with a capacity of 266,000 cubic metres.
- Fluxys is also preparing to build a link between Dunkirk and Zeebrugge, with a new interconnection point between France and Belgium in Alveringem and a pipeline from Alveringem to Maldegem to link the new interconnection point with the Zeebrugge area. The project is a continuation of the new LNG terminal due to be built in Dunkirk, a project initiated by Electricité de France and involving Fluxys' parent company Fluxys G and Total.

Introduction of a unified entry/exit system in late 2012. Following open seasons organised in 2010, Fluxys and CREG agreed to introduce a unified entry/exit system for access to the Fluxys grid by the end of 2012. Under the new system and for all transmission services, users will be able to more flexibly reserve and use capacity in the Belgian grid. System users, distribution system operators and companies connected directly to the Fluxys grid will be consulted at length with respect to the development of the new system.

Closer cooperation with other grid operators. Since 2010, Fluxys has been exploring the options for enhancing mutual cooperation with other operators, including the Dutch and German TSOs, Gasunie and Open Grid Europe. A first result is a major simplification: starting in mid-September 2011 market parties can, in a single step, buy cross-border capacity for transmission of natural gas between the spot market in Zeebrugge and the NetConnect virtual trading point in Germany. In April 2011 Fluxys also signed a declaration of intent with Gasunie to explore the development of cross-border services.

Market development for natural gas as a fuel for transport. In Belgium, Fluxys is actively involved in various initiatives to develop a market for natural gas as a fuel for transport by road and sea.

5. Appeal against court ruling in Ghislenghien case

On 28 June 2011, the Mons Court of Appeal found Fluxys to be co-responsible for the Ghislenghien disaster. Fluxys decided to appeal in cassation against the ruling because it is of the opinion that the Court of Appeal's ruling contains a radical shift from case law on liability. The ruling also sets a dangerous precedent for the safe operation of the natural gas transmission system. After all, safety during works in the vicinity of pipelines is the duty of all parties involved, not just the infrastructure operator. Fluxys' appeal has no impact on the settlement of victims' claims nor on the company's results.

6. Corporate governance

Expansion of the Board of Directors. On 30 March 2011 Caisse de dépôt et placement du Québec acquired a 10% stake in Fluxys G, the parent company of Fluxys. Publigas will retain a 90% shareholding in Fluxys G. Consequently, on 10 May 2011 the general meeting of Fluxys SA appointed Macky Tall as the non-executive director of Fluxys, pursuant to a proposal by Caisse de dépôt et placement du Québec. Today, 31 August 2011, the Board of Directors of Fluxys SA, pursuant to a proposal by the advisory committees, approved the motion to replace Macky Tall on the Board and relevant committees by Yves Rheault, proposed by Caisse de dépôt et placement du Québec.

The general meeting on 10 May 2011 also appointed Hélène Deslauriers as an independent, non-executive director, pursuant to a motion by the board of directors and the opinion of the relevant advisory committees. Fluxys now has 20 directors.

Guarantee in connection with the takeover of Distrigas & C°. Pending judicial and regulatory decisions, the final acquisition price for border-to-border transmission contracts of Fluxys & Co (formerly Distrigas & C°) has not yet been set. When Fluxys took over Distrigas & C° in June 2008, the then majority shareholders gave Fluxys a guarantee on reset of the value of the border-to-border transmission activities acquired. Publigas took over this guarantee in full when Electrabel sold its stake in Fluxys in 2010. In line with the change to the Fluxys G shareholder structure on 30 March 2011, Caisse de dépôt et placement du Québec assumed 10% of the guarantee. A committee of independent directors issued a positive opinion regarding the transfer.

7. Prospects for 2011

In view of the regulated nature of its activities and barring any unforeseen circumstances, Fluxys expects to be able to pay out a dividend at the end of the financial year 2011 comparable to that of 2010, with the exception of one-off components.

8. 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 gives reason to believe that significant adjustments are required 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.