

**Fluxys Belgium
Half-yearly financial report 2014**

30 June 2014

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1 Interim annual report

Pronouncement on the first half-year ended 30 June 2014

We hereby attest that to our knowledge:

- the condensed interim financial statements of Fluxys Belgium, drawn up in accordance with the applicable accounting standards, provide fairly present the entity's equity, financial position and profit or loss and those of the entities included in the consolidation scope;
- the interim annual report gives a fair overview of the important events in the first half-year of 2014 and of both the most important risks and uncertainties for Fluxys Belgium and its subsidiaries and the most relevant transactions with the related parties.

Brussels, 24 September 2014

Paul Tummers
Member of the Executive Board
Chief Financial Officer

Walter Peeraer
President of the Executive Board
Chief Executive Officer

1.1 Key events of the first half-year of 2014

1.1.1 Historically low interest rates affect authorised return and result

The interest rates used as a reference for calculating the authorised return on the regulated assets are the 10-year linear bonds (OLO) issued by the Belgian state. The average interest rate over the first six months of 2014 was lower than in the first half-year of 2013 and compared to the average interest rate of the entire year 2013. This resulted in a drop of € 3.9 million in the first half-year in net profit, authorised by regulation, if all other aspects remained unchanged.

1.1.2 Creos Luxembourg and Fluxys Belgium headed for an integrated Belux market

In consultation with the Luxembourg regulator ILR (*Institut Luxembourgeois de Régulation*) and the *Commission for Regulation of Electricity and Gas* (CREG) in Belgium, Creos Luxembourg and Fluxys Belgium signed a collaboration agreement to combine the gas markets of the two countries into one borderless market.

The balancing rules of the two countries will be harmonised which will simplify the task for suppliers active in both countries. Given the consumer market of nearly 20 billion cubic metres year, both liquidity and the price signal role of the ZTP gas market will be strengthened. On top of this, a firm convergence exists already today with the other European markets thanks to important interconnection points.

Creos Luxembourg and Fluxys Belgium want to merge their national gas markets in 2015 subject to the approval of the local regulators of the implementing terms of the Belux market. Both operators will continue to operate their own natural gas grid but a new joint entity will be established to manage the commercial balance of the integrated market.

Apart from the market integration of Belgium and the Grand Duchy of Luxembourg, Fluxys and the related grid operators and regulators also investigate feasibility of other projects to connect the Belgian market with neighbouring markets.

1.1.3 Draft new tariff methodology for gas infrastructure

Following constructive collaboration with Fluxys Belgium and Fluxys LNG, CREG has laid down a new draft tariff methodology for transmission, storage and LNG terminalling activities. The aim is to offer both the market and the infrastructure operators continuity and a stable tariff framework.

The draft of the new tariff methodology aims at continuing to offer the market tariffs which are amongst the most competitive in Europe. It includes an incentive to increase efficiency of manageable expenses in favour of both tariffs and return. The draft also includes an accelerated approval procedure when infrastructure operators propose tariff modifications, with a view to effortlessly responding to evolutions in market demands. In respect of its transmission activity, Fluxys Belgium will suggest a tariff decrease of about 7 % as of 1 January 2015.

On 1 September, CREG submitted the draft to public consultation. Subsequently it will be transferred to the Chamber of Representatives. The new tariff methodology is expected to be ready at the end of 2014, and will be applicable as from the new regulatory period 2016-2019.

1.2 Winter outlook

In 2014, geopolitical tensions resulted in a number of uncertainties about natural gas flows next winter. Fluxys Belgium closely monitors the situation within ENTSOG, the European network of transmission system operators. The European Commission started a survey and announced to divulge in October the results of the so-called *stress test* of the natural gas infrastructure, a survey on the sensitivity of the European energy systems to interruption of natural gas flows from Russia via Ukraine. Currently the filling degree of storage facilities in Europe is higher than in 2013 offering an anticipated buffer should certain natural gas flows be interrupted. In Belgium we also expect the Loenhout storage facility to be completely filled before winter. In addition, the import capacity in Belgium is adequate to import sufficient natural gas under different scenarios for both Belgian consumption and transport to neighbouring countries.

In the event of power shortages this winter, the federal government may activate a load-shedding plan in order to prevent a general backout. At Fluxys Belgium, every arrangement has been made to deal with temporary outages and ensure continuity of natural gas supply.

Another evolution is the rising trend of the decrease of the share of natural gas in the energy mix. Although natural gas power stations are both very complementary to renewable energy production, and offer a cheap and efficient alternative for nuclear power stations, natural gas power stations currently seem to be insufficiently economic cost-effective in the context of low coal prices as well as bottom prices for CO₂ emission rights. In view of a step-by-step nuclear phase-out and an increasing share of intermittent energy sources, natural gas power stations' advantages are reliability, flexibility and environmental friendliness.

1.3 Activities and services

1.3.1 Transmission: sold capacity remains stable

Sold capacity remains stable. In the first half-year of 2014 Fluxys sold in total 1% more transmission capacity compared to the same period last year. During the first half-year of 2014, 645.6 TWh of entrance capacity was booked in the Fluxys transmission grid, an increase of 2% compared with last year. Exit capacity on interconnection points increased with 3% while the exit capacity for the Belgian market faced a 2% decrease.

The largest shifts are noted in the split of the exit capacity for the Belgian market:

- The major part (65.4%) of the capacity was allocated to the distribution system operators which supply natural gas to SMEs and households. These bookings increased by 2% which is in line with the increase in grid connections in this segment.
- In addition, 20.2% of the bookings was intended for electrical power stations. This sale faced a decrease of 13%, due to the closing down of a number of electricity power stations as well as the optimisation of their booked capacity.
- The remaining 14.4% exit capacity was booked for the industry, decreasing with 3%.

A small increase of 3% was registered in the exit capacity at interconnection points, dedicated for the transmission to neighbouring countries. In this respect, the effect of the start of new north-south connections at the end of 2013 was moderated by a decrease in short term contracts compared to the exceptional year 2013.

Decrease of transmitted volumes. Sold capacity remaining stable, Fluxys transported in the first half-year of 2014 18% less compared to the same period last year. Transmitted volumes for consumption on the Belgian market dropped by 24% while transmitted volumes for other markets dropped by 13%. The reduced volume of gas transmission to neighbouring countries is due to the fact that in last year's first quarter an exceptional demand for natural gas both in the United Kingdom and Germany raised gas transmission through Belgium.

The most important reason for the decrease in transmission for the Belgian market is the soft temperatures in this year's winter months, resulting in lesser natural gas transmission to power stations (-32%) as well as to distribution system operators (-28%). Regarding natural gas power stations, this comes on top of coal fired electricity production having an advantage these last years as a result of a combined effect of low coal prices, bottom prices for CO₂ emission rights and a negative *spark spread* (the difference between the production price of electricity by means of natural gas and the electricity market price). A direct consequence is that some natural gas power stations closed down temporarily, others closing down permanently. Gas consumption by industrial companies directly connected to the Fluxys Belgium grid dropped by 7%.

Increased liquidity on ZTP. Belgian hub clients can trade natural gas both on the gas market Zeebrugge Beach and on Zeebrugge Trading Point (ZTP). De notional ZTP point was created by Fluxys Belgium in parallel with the introduction of the new entry/exit model in October 2012. In the Zeebrugge area, Zeebrugge Beach remains an important liquid market on the continent as point for bilateral gas trading. The natural gas price difference between Zeebrugge Beach and the British NBP is an important signal for the flow direction of natural gas in the Interconnector, connecting both markets.

During the first six months of 2014, a total volume of 364 TWh was traded on Zeebrugge Beach, a decrease of 8% compared with the same period last year. The average daily traded volume in the first half-year of 2014 reached 2,007 GWh, compared with 2,185 GWh in the same period of 2013. March was a remarkable month: 69 TWh was traded in 2014 compared with 80 TWh in 2013. The reason is that in March 2013 Fluxys Belgium sold a record number of short term capacity for transmission of natural gas to the United Kingdom facing a shortage at that time.

ZTP confirmed its attractiveness, a sign that grid users, traders and companies connected to our grid found the way to this young trading place. The total traded volume increased with as many as 128% to 51.22 TWh and also the daily average traded volume rose sharply from 124 GWh in the first six months of 2013 to 283 GWh in the same period of this year.

Successes with bundled products on the PRISMA platform. Ever since the establishment in 2013 of the PRISMA platform, Fluxys Belgium, together with other European transmission system operators, systematically expanded its offer of bundled capacity. Currently, Fluxys Belgium offers bundled daily, monthly and quarterly capacity products in collaboration with other member-transmission system operators of the neighbouring countries. In June 2014 Fluxys Belgium participated in auctions for quarterly products for the gas year 2014-2015: 4 out of the 11 auction products for quarterly capacity on offer were sold.

Step by step all products for high caloric natural gas at the Dutch-Belgian, Belgian-French and Belgian-German borders will be offered in line with the European Network Code on Capacity Allocation Mechanisms (CAM). The joint minimum available capacity on both sides of the border will be bundled on PRISMA. In addition Fluxys Belgium continues to offer and allocate its unbundled capacity using its own Electronic Booking System. With these evolutions, the transmission system operators provide a smooth transfer to the new allocation rules and standard products which will be applicable as of 1 November 2015, as determined by Regulation Nr. 984/2013 of the Commission (EU).

Firm link of British and Belgian trading places announced. In April 2014 Fluxys Belgium, Interconnector (UK) limited (IUK) and National Grid Gas launched a consultation in order to jointly assess the market opinion about draft proposals of new services at IUK and Fluxys Belgium involving the Interconnector pipeline, the Zeebrugge area and Zeebrugge Beach. This way, the British and Belgian gas trading places (NBP and ZTP) will be connected even stronger. Several market members have indicated being interested and based on their feedback Fluxys Belgium, IUK and National Grid are working on an adapted proposal for flexible services that enable supply of natural gas from Norway (Zeepipe connector), the continental plateau of the United Kingdom (SEAL pipeline) and the Zeebrugge LNG terminal to downstream markets in the United Kingdom,

the Netherlands, Germany, France, the Grand Duchy of Luxembourg and Belgium. Following deliberation between the regulators involved the new proposal was submitted to the market in September 2014.

1.3.2 Storage: capacity completely sold

Around 75% of Fluxys Belgium's storage capacity has been booked in the long term. The remaining capacity is sold on an annual basis. Marketing this short-term capacity is facing stiff competition on a number of fronts. This is due to the high degree of flexibility of natural gas transmission to and within Europe. Because of the relative oversupply of physical storage capacity in Europe, this leads to a strong competitive environment. In addition, over the last years the difference between natural gas prices in winter versus summer hit a historical low level in comparison to the price of physical storage capacity, reducing the financial stimulant to store natural gas.

The mild winter of 2013-2014 on the other hand caused a gas oversupply in summer. This lowered prices in summer and increased the price differences between winter and summer of 2014. Thanks to this considerable price difference, the differentiated service offer and the uncertain Ukraine situation, transit country for Russian natural gas, several traders booked (extra) storage capacity allowing Fluxys Belgium to sell the remaining 1 year storage services for 2014.

1.3.3 LNG-terminalling: successful loading services

Ship loading and unloading. In the 2014 first half-year 17 carriers were unloaded at the LNG terminal in Zeebrugge compared with 18 in the same period of 2013. The 17 unloaded carriers together transported more than 1 million tons of LNG from Ras Laffan in Qatar. Three out of these 17 carriers called at Zeebrugge for the first time.

The trend which started in 2012 and 2013 to load more ships with LNG continues in 2014. Due to the high LNG prices in Asia the loading services in Zeebrugge were frequently used: 11 ships were loaded in the first half-year of 2014 (10 in the same period of 2013), taking over 0.5 million tons of LNG.

The total number of tons LNG which was loaded and unloaded in the first half-year of 2014 increased (1.6 million tons) compared with the same period in 2013.

Truck loading services peak. Since June 2010 in addition to LNG carriers, also trucks can be loaded with LNG at the Zeebrugge LNG terminal. The use of these truck loading services continues to grow: in the 2014 first half-year 748 trucks were loaded with LNG compared with 256 in the previous year. These numbers confirm Zeebrugge's attractiveness as one of the most active LNG terminals in North- of Europe.

Market consultation on transshipment services. Between 7 July and 7 August 2014 Fluxys organised a market consultation on new LNG transshipment services to be developed by Fluxys LNG in the context of the Yamal LNG-project. In the months to come Fluxys will make a proposal regarding these new services, taking into account the replies to the market consultation.

1.4 Investments in infrastructure

1.4.1 Infrastructure projects worth € 39.4 million in the first half-year of 2014

Fluxys Belgium plans to invest a total of € 95 million in infrastructure in 2014. Infrastructure spending in the first half-year of 2014 totalled € 39.4 million. The three major projects for this year are:

- A second jetty for loading and unloading LNG carriers is currently under construction at the LNG terminal. Ships with capacities ranging from 2,000 up to 217,000 cubic metres of LNG will be able to berth at this new jetty from 2015, including so-called bunker ships which load LNG to supply other vessels fuelled by LNG.
- At the end of June bomb disposal was started in the Province of West-Flanders to remediate the soil of remnants of war on the route of the future natural gas pipeline between Alveringem and Maldegem. A study took place in the first half-year regarding remnants of war in a 30 metres zone left and right of the route of the pipeline. In order to be able to safely start construction of the pipeline starting early next year, potentially dangerous remnants of war are dug and removed until the end of 2014 in a first clean-up phase. Afterwards, when constructing the pipeline in 2015, a second clean-up phase will follow for remaining remnants of war. Fluxys collaborates in this respect with certified bomb disposal companies with large experience in this specific work and which have permanent contact with local police and DOVO. In parallel to the clean-up work Fluxys also allows archaeologists to perform excavations along the route of the pipeline.
- In and around Ghent Fluxys Belgium is restructuring and upgrading its pipeline network to continue to efficiently safeguard supply to the region.

1.4.2 Ten-year indicative investment program

During the period 2009-2012, Fluxys Belgium invested around €1 billion in its transmission, storage and LNG terminalling infrastructure to further consolidate Belgium's position as crossroads of international gas flows, foster security of supply and pave the way for further growth in market liquidity.

Taking into account the current economic climate and future import flows, the company has optimised its indicative investment programme with a view to investing as efficiently as possible. Following a period of record investment, a return to normal can be seen in terms of spending: the indicative investment programme for 2014-2023 represents around €870 million and has served as input for the Ten Year Network Development Plan drawn up at European level by the system operators within ENTSOG.

In view of the difficult investment climate for new gas-fired power stations, the 2014-2023 indicative investment programme does not include any projects to connect such power stations to the network. The plan approved by the government on the proposal of Secretary of State Wathelet does however include measures aimed at stimulating investments in new gas-fired power plants. It goes without saying that Fluxys Belgium will adapt its investment programme as soon as concrete projects surface.

1.5 New markets

Thanks to lower emission of CO₂, fine dust and other harmful particulates, the use of natural gas as a fuel has a positive impact on the environment and health compared to other fossil fuels. In addition, the economic advantage of natural gas as fuel has to be considered: the price is considerably lower than the price of conventional fuels. In short: natural gas has ample potential to develop as sustainable fuel for transport. Therefore Fluxys Belgium is active on various fronts to promote natural gas in the transportation segment.

LNG for trucks. Fluxys invests in building a brand-new LNG filling station. The station was built on the premises of haulage company Eric Mattheeuws in Furnes and was commissioned in early September. The transport company already acquired 26 LNG-powered trucks. The company itself operates and maintains the station which is also accessible for other transport companies. The initiative is a milestone in launching LNG as sustainable alternative fuel for trucks in Belgium. The step towards LNG entails a considerable drop of emissions by the trucks, plus economically, LNG has important advantages. Investing in the LNG filling station, Fluxys wants to lower the threshold for other transporting companies to switch to LNG.

In the framework of the European project LNG Blue Corridors in which Fluxys is a partner, Drive Systems S.A., a Belgian companies specialised in gas systems for vehicle powering, has built this year a public LNG and L-CNG filling station. This project aims at the realisation of a network of LNG filling stations throughout Europe enabling trucks to pass through Europe. The new filling station was built on the site of ADPO in Kallo. ADPO is one of the various customers using the new filling station.

LNG for ships. Thanks to the favourable emission values of natural gas, LNG as ship powering fuel is a major alternative for navigation when as of 2015 more stringent emission standards for sulphur will entry into force for the Channel, the North Sea and the Baltic Sea. Fluxys is closely monitoring the evolution and is able to share its experience in switching towards LNG powered ships.

CNG for cars. Fluxys wants to play a leading role to put CNG as fuel in the market. This is done both by promoting internally within the company and supporting partners exploring concrete projects.

A terminalling company in the port of Antwerp has expressed its interest for the use of CNG for its cranes. The elephant cranes loading and unloading containers on average consume 25 litres of diesel per hour. A switch to CNG would therefore be cost-efficient and have a positive effect in terms of emission of CO₂, NO_x and fine particulates. Since a few months Fluxys participates in a feasibility study.

1.6 Financial situation: consolidated results for the first half-year 2014

1.6.1 Introduction

General evolution of the results. The major part of the activities of the Fluxys Belgium group is regulatory. The operating result of these regulatory activities is mainly driven by the invested own equity, the financial structure and the applicable interest rate (linear Belgian government bonds on 10 years).

Historical low interest rates affect the authorised return and the net result.

The interest rates used as reference for calculating the authorised return on regulatory assets are the interest rates of 10-year linear bonds, issued by the Belgian government. The extrapolated average of the first six months of 2014 is lower than the average of the first half-year of 2013 and even lower than the average of the whole year 2013. This results in a drop of € 3.9 million of the half-year net result regulatory authorised, with all other aspects remaining unchanged.

Presentation of the financial statements. The presentation of the financial statements has been modified to include grid balancing operations and purchases and sales of natural gas for operating needs into separate sections of the operating result. These operating income and expenses may vary considerably from one year to another as a result of the use of the grid, without influencing the net result of the group. The new presentation offers a better understanding of the evolution of both turnover and operating expenses.

1.6.2 Consolidated condensed profit or loss statement

Consolidated condensed income statement	(in thousands of €)	
	30.06.2014	30.06.2013 restated
Operating revenue	265,907	262,432
Sales of gas for operating needs	20,464	45,890
Other operating income	5,830	8,843
Raw materials and other materials used	-2,184	-850
Purchases of gas for operating needs	-20,465	-45,890
Services and other goods	-66,326	-75,492
Personnel expenses	-59,727	-66,541
Other operating charges	-6,396	-3,933
Depreciation and amortisation	-71,768	-69,973
Provisions	4,347	16,416
Specific impairment losses	-1,939	-419
Profit from continuing operations	67,743	70,483
Change in the fair value of financial instruments	423	418
Financial income	1,384	1,423
Financial expenses	-28,100	-27,016
Profit from continuing operations after net Financial results	41,450	45,308
Income tax expense	-14,752	-15,745
Net profit for the Financial year	26,698	29,563
Fluxys Belgium share	26,698	29,563
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company's shareholders in €	0.3800	0.4207
Diluted earnings per share attributable to the parent company's shareholders in €	0.3800	0.4207

1.6.3 Consolidated condensed statement of comprehensive income

Consolidated condensed statement of comprehensive income	(in thousands of €)	
	30.06.2014	30.06.2013 restated
Net profit for the period	26,698	29,563
Items that will not be reclassified subsequently in the income statement		
Actuarial gains and losses on employee benefits	-10,295	1,706
Tax expense on other comprehensive income	3,500	-580
Other comprehensive income	-6,795	1,126
Comprehensive income for the period	19,903	30,689
Fluxys Belgium share	19,903	30,689
Non-controlling interests	0	0

Operating revenue. Operating revenue for the first half-year of 2014 amounts to € 265.907 thousand compared with € 262.432 thousand for the 2013 half-year, representing an increase of € 3.475 thousand.

- Income from regulatory activities amounts to € 259.7 million (or 97.7% of the total), an increase of € 6.4 million compared with the same period in 2013. This is explained by a small increase in sold transmission capacity, the favourable impact of increased efficiency influencing the regulatory settlement and by a smaller impact of regulatory decisions in respect of previous years. The positive effects on tariff settlements was partially rescinded by the decreased interest rates and thus of the authorised regulatory margin. In spite of a difficult market context for storage of natural gas Fluxys Belgium successfully sold the total available storage capacity for 2014. Turnover from terminalling services is stable compared to turnover of the first half-year of

2013. The utilization degree of the terminal in Zeebrugge remains at a high level for the North-Western European market (17 unloadings and 11 loadings).

- Income from other activities amounts to € 6.2 million (or 2.3% of the total), a drop of € 2.9 million compared with the first half-year of 2013. New tariffs for the extension of an agreement for usage of installations explains the evolution of this type of income.

Profit from continuing operations. In the first half-year of 2014 the profit from continuing operations amounted to € 67.7 million, compared with € 70.5 million in the first half-year of 2013. This decrease of € 2.8 million is mainly due to the declined authorised return on regulatory assets as a result of the lower interest rate on linear bonds (OLO) (€ -5.9 million before tax). This impact was partially compensated by the positive effects of efficiency gains and the lower impact of tariff decisions related to previous years. In addition, the extension of an agreement for usage of installations explains the evolution of the result from continuing operations.

Net financial result. The net financial result drops by € 1.1 million compared with the first half-year of 2013. This drop is mainly due to the discount interest rates used on employee benefits (IAS 19).

1.6.4 Consolidated condensed balance sheet

ASSETS	(in thousands of €)	
	30.06.2014	31.12.2013
I. Non-current assets	2,390,092	2,449,788
Property, plant and equipment	2,324,504	2,377,315
Intangible assets	14,710	16,174
Other Financial assets	184	115
Financial lease receivables	19,975	19,975
Loans and receivables	15,811	18,098
Other non-current assets	14,908	18,111
II. Current assets	455,944	408,467
Inventories	41,403	46,741
Financial lease receivables	1,437	2,874
Current tax receivables	3,617	1,064
Trade and other receivables	79,071	66,303
Cash and cash equivalents	113,644	143,738
Other current assets	207,651	130,758
Assets held for sale	9,121	16,989
Total assets	2,846,036	2,858,255

Fixed assets. Investments of the first half-year of 2014 (€ 39.4 million) are lower than the depreciation expenses for the same period (€ 68.4 million) which explains the decrease in tangible fixed assets. These investments mainly refer to the construction of the second jetty at the LNG terminal in Zeebrugge (€ 15.8 million).

CONSOLIDATED CONDENSED BALANCE SHEET		(in thousands of €)	
EQUITY AND LIABILITIES		30.06.2014	31.12.2013
I. Equity		718,005	790,852
Equity attributable to the parent company's shareholders		718,005	790,852
<i>Share capital and share premiums</i>		<i>60,310</i>	<i>60,310</i>
<i>Reserves en retained earnings</i>		<i>657,695</i>	<i>730,542</i>
Non-controlling interests		0	0
II. Non-current liabilities		1,966,915	1,899,978
Interest-bearing borrowings		1,570,639	1,503,758
Provisions		8,862	4,316
Provisions for employee benefits		57,456	50,130
Other non-current Financial liabilities		0	122
Deferred tax liabilities		329,958	341,652
III. Current liabilities		161,116	167,425
Interest-bearing borrowings		71,943	84,326
Provisions		542	8,009
Provisions for employee benefits		4,027	3,503
Current tax payables		94	0
Trade and other payables		6,963	7,423
Other current liabilities		74,764	62,494
Liabilities related to assets held for sale		2,783	1,670
Total liabilities and equity		2,846,036	2,858,255

Current liabilities. Provisions for the environment and decommissioning of sites were partially reclassified to the medium term, taking into account new planning for these works.

Equity. The decrease of the equity is explained by the payment of the dividend over the previous fiscal year, as indicated in the overview below:

Consolidated condensed statement of changes in equity		(in thousands of €)	
	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
CLOSING BALANCE AS AT 31.12.2013	790,852	0	790,852
1. Comprehensive income for the period	19,903	0	19,903
2. Dividends paid	-92,750	0	-92,750
3. Change in consolidation scope	0		0
4. Other variations	0		0
CLOSING BALANCE AS AT 30.06.2014	718,005	0	718,005

1.6.5 Consolidated condensed statement of cash flows

	(in thousands of €)	
	30.06.2014	30.06.2013
Cash at the start of the period	130,758	213,480
Cash flows from operating activities ¹	147,636	69,863
Cash flows from investing activities ²	-40,728	15,149
Cash flows from financing activities ³	-30,015	-69,728
Net increase/decrease in cash	76,893	15,284
Cash at the end of the period	207,651	228,764

1.6.6 Financial outlook for 2014

The net result of regulatory activities is mainly determined by the capital invested, the financial structure and the interest rates (OLO). The recurrent dividend will continue to evolve in relation to these three parameters. The current volatility on the financial markets does not allow to project a distinct outlook on the evolution of these interest rates and thus on the return on regulatory assets.

¹ Cash flows from operating activities also include changes in the working capital requirement. The changes in the working capital compared with the first half-year of 2013 are largely due to the changes in the cash flows from the operating activities.

² This sum takes into account disposals carried out, in particular the sale of the company Fluxys & Co for €70 million in 2013.

³ These cash flows include the available reserves and dividends paid out.

1.7 Corporate governance

1.7.1 Fluxys Belgium

Renewals of terms of office of Board members. The Annual General Meeting of Fluxys Belgium of 13 May 2014 approved with majority of the votes the renewal of the terms of office of Ludo Kelchtermans and Josly Piette as Board members for a period of 6 years. Their term of office will end after the Annual General Meeting in 2020.

Renewal term of office as independent Board member. The Annual General Meeting also approved with majority of the votes the renewal of the term of office of André Farber as independent Board member for a period of 2 years. His term of office will end after the Annual General Meeting in 2016.

1.7.2 Fluxys LNG

Renewal term of office of the President of the Executive Board. The Annual General Meeting of Fluxys LNG of 28 May 2014 approved, advised by the Corporate Governance Committee and by the Appointment and Remuneration Committee, and proposed by the Board of Directors, the renewal of the term of office of the President of the Executive Board for a period of 6 years. His term of office will end after the Annual General Meeting of 2020.

1.8 Principal risks and uncertainties for the second half-year of 2014

For Fluxys Belgium there are no risks or uncertainties which are new or have known a significant evolution since the closing date of the fiscal year 2013 (see chapter 'Risk management' in the annual financial report 2013).

2 Consolidated condensed interim financial statements of Fluxys Belgium and its subsidiaries under IFRS as at 30 June 2014

2.1 General information on the company

2.1.1 Corporate name and registered office

The registered office of the parent entity Fluxys Belgium SA is Avenue des Arts 31, B-1040 Brussels, Belgium.

2.1.2 Activities of Fluxys Belgium and subsidiaries

The main activities of Fluxys Belgium and its subsidiaries are transmission and storage of natural gas and terminalling activities for liquefied natural gas (LNG) in Belgium. These activities are regulated by the *Committee for the Regulation of Electricity and Gas* (CREG).

Fluxys Belgium and its subsidiaries also render additional services which are related to the aforementioned principal activities.

Please refer to the specific chapters in the 2013 annual financial report as well as the interim annual report.

2.2 Consolidated condensed financial statements of the Fluxys Belgium group under IFRS

A. Consolidated condensed balance sheet

Consolidated condensed balance sheet assets		(in thousands of €)	
	Note	30.06.2014	31.12.2013
I. Non-current assets		2,390,092	2,449,788
Property, plant and equipment	12	2,324,504	2,377,315
Intangible assets	13	14,710	16,174
Other financial assets	29	184	115
Financial lease receivables	29	19,975	19,975
Loans and receivables	14/29	15,811	18,098
Other non-current assets	22	14,908	18,111
II. Current assets		455,944	408,467
Inventories	15	41,403	46,741
Financial lease receivables	29	1,437	2,874
Current tax receivables	16	3,617	1,064
Trade and other receivables	17/29	79,071	66,303
Short-term investments	18/29	113,644	143,738
Cash and cash equivalents	18/29	207,651	130,758
Other current assets		9,121	16,989
Total assets		2,846,036	2,858,255

Consolidated condensed balance sheet		(in thousands of €)	
	Note	30.06.2014	31.12.2013
I. Equity	19	718,005	790,852
Equity attributable to the parent entities's shareholders		718,005	790,852
<i>Share capital and share premiums</i>		<i>60,310</i>	<i>60,310</i>
<i>Reserves and retained earnings</i>		<i>657,695</i>	<i>730,542</i>
Non-controlling interests		0	0
II. Non-current liabilities		1,966,915	1,899,978
Interest-bearing borrowings	20/29	1,570,639	1,503,758
Provisions	22	8,862	4,316
Provisions for employee benefits	22	57,456	50,130
Other non-current Financial liabilities	21/29	0	122
Deferred tax liabilities	23	329,958	341,652
III. Current liabilities		161,116	167,425
Interest-bearing borrowings	20/29	71,943	84,326
Provisions	22	542	8,009
Provisions for employee benefits	22	4,027	3,503
Other current financial liabilities		94	0
Current tax payables	21/29	6,963	7,423
Current trade and other payables	24	74,764	62,494
Other current liabilities	25/29	2,783	1,670
Total liabilities and equity		2,846,036	2,858,255

B. Consolidated condensed statement of profit or loss

Consolidated income statement	(in thousands of €)		
	Note	30.06.2014	30.06.2013 restated
Operating revenue	4	265,907	262,432
Sales of gas for operating needs	1d	20,464	45,890
Other operating income	5	5,830	8,843
Consumables, merchandises and supplies used	6	-2,184	-850
Purchases of gas for operating needs	1d	-20,465	-45,890
Miscellaneous goods and services	6	-66,326	-75,492
Employee expenses	6	-59,727	-66,541
Other operating charges	6	-6,396	-3,933
Depreciation and amortisation	6	-71,768	-69,973
Provisions	6	4,347	16,416
Impairment losses	6	-1,939	-419
Profit from continuing operations		67,743	70,483
Change in the fair value of financial instruments		423	418
Financial income	7	1,384	1,423
Financial expenses	8	-28,100	-27,016
Profit/loss from continuing operations after net Financial results		41,450	45,308
Income tax expense	9	-14,752	-15,745
Net profit for the period	10	26,698	29,563
Fluxys Belgium share		26,698	29,563
Non-controlling interests		0	0
Basic earnings per share attributable to the parent entity's shareholders in €	11	0.3800	0.4207
Diluted earnings per share attributable to the parent entity's shareholders in €	11	0.3800	0.4207

C. Consolidated condensed statement of comprehensive income

Consolidated statement of comprehensive income		(in thousands of €)	
	Note	30.06.2014	30.06.2013 restated
Net profit for the period	10	26,698	29,563
Items that will not be reclassified subsequently in the income statement			
Actuarial gains/losses on employee benefits	22	-10,295	1,706
Income tax expense on other comprehensive income		3,500	-580
Other comprehensive income for the period		-6,795	1,126
Comprehensive income for the period		19,903	30,689
Fluxys Belgium share		19,903	30,689
Non-controlling interests		0	0

D. Consolidated condensed statement of changes in equity

	Share Capital	Share premium	Reserves not available for distribution
I. Closing balance as at 31.12.2012 - restated	60,272	38	12,813
1. Comprehensive income for the period			414
2. Dividends paid			
3. Change in consolidation scope			
4. Other changes			
II. Closing balance as at 30.06.2013	60,272	38	13,227
III. Closing balance as at 31.12.2013	60,272	38	18,828
1. Comprehensive income for the period			
2. Dividends paid			
3. Change in consolidation scope			
4. Other changes			
IV. Closing balance as at 30.06.2014	60,272	38	18,828

(in thousands of €)

Retained earnings	Employee benefits reserves	Equity attributable to the parent entity's shareholders	Non controlling interests	Total equity
763,685	-8,746	828,062	0	828,062
29,149	1,126	30,689	0	30,689
-112,422		-112,422		-112,422
		0		0
		0		0
680,412	-7,620	746,329	0	746,329
713,866	-2,152	790,852	0	790,852
26,698	-6,795	19,903		19,903
-92,750		-92,750	0	-92,750
		0		0
		0		0
647,814	-8,947	718,005	0	718,005

E. Consolidated condensed statement of cash flows

Consolidated statement of cash flows (indirect method)	(in thousands of €)	
	30.06.2014	30.06.2013
I. Cash and cash equivalents, beginning balance	130,758	213,480
II. Net cash flows relating to operating activities	147,636	69,863
1. Cash flows from operating activities	173,318	94,980
1.1. Profit from operations	67,743	70,483
1.2. Non cash adjustments	72,825	54,271
1.2.1. Depreciation and amortisation	71,768	69,973
1.2.2. Provisions	-4,347	-16,416
1.2.3. Impairment losses	1,939	419
1.2.4. Translation adjustments	3,465	295
1.3. Changes in working capital	32,750	-29,774
1.3.1. Inventories	5,338	5,966
1.3.2. Tax receivable	1,428	0
1.3.3. Trade and other receivables	7,332	-1,694
1.3.4. Other current assets	7,668	-4,704
1.3.5. Tax payable	-460	-37,618
1.3.6. Trade and other payables	12,270	7,615
1.3.7. Other current liabilities	1,113	1,080
1.3.8. Other changes in working capital	-1,939	-419
2. Cash flows relating to other operating activities	-25,682	-25,117
2.1. Current tax	-26,928	-26,460
2.2. Interest from marketable securities, cash and cash equivalents	1,281	1,054
2.3. Other inflows (outflows) relating to other operating activities	-35	289

Consolidated statement of cash flows (indirect method)	(in thousands of €)	
	30.06.2014	30.06.2013
III. Net cash flows relating to investing activities	-40,728	15,149
1. Acquisitions	-41,337	-57,703
1.1. Payments to acquire property, plant and equipment, and intangible assets	-41,248	-57,684
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	-14
1.3. Payments to acquire other Financial assets	-89	-5
2. Disposals	604	72,295
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	584	1,010
2.2. Proceeds from disposal of subsidiaries, joint ventures or associates	0	70,000
2.3. Proceeds from disposal of other Financial assets	20	1,285
3. Dividends received classified as investing activities	5	0
4. Government grants received	0	557
IV. Net cash flows relating to financing activities	-30,015	-69,728
1. Cash flows from proceeds relating to financing	59,401	78,616
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury share	0	0
1.3. Proceeds from finance leases	1,437	1,226
1.4. Proceeds from other non-current assets	2,287	8,298
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other Financial liabilities	55,677	69,092

Consolidated statement of cash flows (indirect method)	(in thousands of €)	
	30.06.2014	30.06.2013
2. Cash flows from repayments relating to financing	-4,850	-25,058
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-793	-619
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other Financial liabilities	-4,057	-24,439
3. Interest	-21,910	-22,836
3.1. Interest paid classified as financing	-22,004	-22,877
3.2. Interest received classified as financing	94	41
4. Dividends paid	-92,750	-112,422
5. Increase (-) /Decrease (+) of short-term investments	30,094	11,972
V. Net change in cash and cash equivalents	76,893	15,284
VI. Cash and cash equivalents, ending balance	207,651	228,764

2.3 Notes

Note 1. General information

Note 1a. Statement of compliance with IFRS

The consolidated condensed financial statements of the first half-year of 2014 of Fluxys Belgium and its subsidiaries are prepared in accordance with the reference framework of the International Financial Reporting Standards and particularly with IAS 34 'Interim Financial Reporting', as approved by the European Union. They were subject to a limited review by the statutory auditor.

They include a selection of explaining notes and should be read in parallel with the consolidated financial statements as of 31 December 2013.

All amounts are stated in thousands of euro.

Note 1b. Judgment and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by Fluxys Belgium and its subsidiaries in the preparation of the financial statements relate mainly to the evaluation of the recoverable amount of tangible and intangible fixed assets, valuation of financial instruments, valuation of provisions, in particular for litigation and for pension and related liabilities.

Due to uncertainties inherent in all valuation processes, Fluxys Belgium and its subsidiaries revise their estimates on the basis of regularly update information. Future results may differ from these estimates.

Other than the use of estimates, group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

Note 1c. Date of authorisation for issue

The Board of Directors of Fluxys Belgium SA authorised these IFRS financial statements of Fluxys Belgium and its subsidiaries for issue on 24 September 2014.

Note 1d. Changes or additions to the accounting principles and policies

The accounting principles and valuation methods used for the preparation of the interim financial statements 2014 are identical to those of the most recent annual financial statements.

Change in the presentation of the consolidated financial statements:

The preparation of the financial statements has been changed by the impact of presenting the balancing of the grid and the purchases and sales of gas for operating needs under separated sections of the result from continuing operations. These operating income and expenses may vary significantly from one year to another without influencing the net result of the group. The new presentation allows a better understanding of the evolution of turnover and operating expenses.

Note 2. Seasonality of the activities in the interim period

Due to the fact that for example certain transmission services can be subscribed on a seasonal basis, the result from continuing operations of activities subject to the Gas Act is barely affected by the seasonality of the activities.

As a matter of fact, the result from continuing operations of these activities equals prorata of the estimated annual target rate of return on the invested capital related to the period.

This target rate is increased or decreased by the differences on managerial expenses as a result of taking into account a predefined efficiency factor.

Note 3. Acquisitions, transfers and restructurations

Consolidation scope

The consolidation scope as well as the participation percentages remain unchanged compared with 31 December 2013.

Note 4. Revenue

Operating revenue	(in thousands of €)			
	Note	30.06.2014	30.06.2013 restated	Change
Transmission in Belgium	4.1	198,983	195,398	3,585
Storage in Belgium	4.1	15,137	12,404	2,733
Terminalling in Belgium	4.1	45,630	45,559	71
Other revenue	4.2	6,157	9,071	-2,914
Total		265,907	262,432	3,475

Revenue in the first half-year of 2014 amounts to € 265,907 thousand compared with € 262,432 thousand for the first half-year of 2013, representing an increase of € 3,475 thousand.

Transmission, storage and LNG terminalling services in Belgium are subject to the Gas Act.

Revenue from these services should insure a sufficient return on the invested capital and should cover the related operating expenses, taking into account efficiency efforts to be made by transmission system operators. In addition, the revenue should also cover the accepted depreciations as well as the commissioning expenses of assets included in the *Regulated Asset Base*, in proportion to de investments of the fiscal year.

4.1. Turnover of regulated activities amounts to € 259.7 million (or 97.7% of total turnover), representing an increase of € 6.4 million compared with the same period in 2013.

This is explained by a small increase in sold transmission capacity, by a favourable impact of increased efficiency influencing tariff settlements and by the smaller impact of tariff decisions relating to previous years. The positive effects on tariff settlements are partially compensated by dropping interest rates and thus of authorised regulatory margin.

Given the rather difficult market context for natural gas storage Fluxys Belgium nevertheless succeeded in selling the total available capacity for 2014. The tariff settlements were affected by non-recurrent effects in 2013 related to the decommissioning of the peak shaving site in Dudzele.

Turnover of terminalling services is stable compared to turnover of the first half-year in 2013. The utilization degree of the Zeebrugge terminal remains high for the North-Western European market (17 unloadings and 11 loadings).

4.2. The other operating income of the group amounts to € 6.2 million (or 2.3% of total income), corresponding to a drop of € 2.9 million compared with the first half-year of 2013. New tariffs for the extension of a contract for the use of installations explain this evolution of income.

Note 5. Other operating income

Other operating income	(in thousands of €)		
	30.06.2014	30.06.2013 restated	Change
Other operating income	5,830	8,843	-3,013
Total	5,830	8,843	-3,013

Other operating income mainly contains various recuperations from insurance companies and other debtors as well as income from the provision of facilities and staff.

In 2013 this section included the sale of cushion gas of the storage installation in Loenhout.

Note 6. Operating expenses

Operating expenses excluding net amortisation, depreciation and provisions				(in thousands of €)
	Note	30.06.2014	30.06.2013 restated	Change
Consumables, merchandise and supplies used	6.1	-2,184	-850	-1,334
Miscellaneous goods and services	6.2	-66,326	-75,492	9,166
Employee expenses	6.3	-59,727	-66,541	6,814
Other operating expenses	6.4	-6,396	-3,933	-2,463
Total operating expenses		-134,633	-146,816	12,183
Of which costs related to lease agreements		-6,525	-6,366	-159

6.1. Raw materials, consumables and goods for trade

This section includes expenses for material for transmission, storage or terminalling removed from stock for repair and maintenance projects as well as expenses for the work for third parties.

6.2. Services and other goods

Services and other goods mainly contain equipment, rent and related expenses, repair and maintenance, supplies, retributions to third parties, indemnities and contributions, non-personnel related insurance expenses, travel and accommodation expenses, communication charges, expenses from publications and documentation and finally expenses of interim and supporting staff.

The evolution of this section is mainly explained by the efficiency efforts of the Fluxys Belgium group during the first half-year of 2014 and by the decreased final compensation paid during this half-year to private victims of the Ghislenghien accident of which the major part was compensated in 2012.

6.3. Personnel charges

Personnel charges dropped by € 6,814 thousand. This is explained by the joint effect of a decrease in the average number of staff and of contributions to the pension fund compared to the first half-year of 2013, an evolution which is in line with our needs in this respect.

6.4. Other operating expenses

The evolution of other operating expenses is explained by the increase of the decommissioning expenses during the first half-year of 2014 compared to the same period in 2013.

Net depreciation, amortisation, impairment losses and provisions		(in thousands of €)		
	Note	30.06.2014	30.06.2013 restated	Change
Depreciation and amortisation	6.5	-71,768	-69,973	-1,795
Intangible assets		-3,351	-3,645	294
Property, plant and equipment		-68,417	-66,328	-2,089
Impairment losses	6.6	-1,939	-419	-1,520
Inventories		-1,939	-419	-1,520
Trade receivables		0	0	0
Provisions for liabilities and charges	6.7	4,347	16,416	-12,069
Total depreciation, amortisation, impairment losses and provisions		-69,360	-53,976	-15,384

6.5. Depreciations

Depreciations on tangible fixed assets are increasing as a result of the commissioning of new investments, in particular the Ben-Ahin – Bras pipeline and the *Open Rack Vaporizer* in the Zeebrugge terminal.

6.6. Amortizations

Recorded amortizations relate to operating gas stocks of which the average price at closing date was higher than the market price.

6.7. Provisions for risks and charges

Provisions for the environment and the reinstatement of sites were used for € 0.8 million during the first half-year of 2014 compared with € 3.4 million during the same period in 2013. In 2013 they were reversed for € 8.1 million as a result of the downward review of the expected decommissioning cost of the peak shaving installation in Dudzele. These movements did not influence the 2013 result since they were included in the tariff settlement related to the storage activity.

The use and reversal of provisions for disputes and damage compensation recorded in the period mainly relate to compensations for the victims of the accident in Ghislenghien (see Note 22.1).

The balance of the evolution in the use of provisions is mainly related to provisions for employee benefits.

Note 7. Financial income

Financial income	(in thousands of €)			
	Note	30.06.2014	30.06.2013 restated	Change
Dividends from non-consolidated companies		5	0	5
Financial income from lease contracts		94	41	53
Interest income on marketable securities, cash and cash equivalents and interest rate swaps	7.1	1,281	1,054	227
Other Financial income		4	328	-324
Total		1,384	1,423	-39

7.1. The evolution of financial income on marketable securities, cash and cash equivalents is mainly due to the combination of the increase of the treasury volume (+ € 23.1 million) and of the average yield received (+7 base points).

Note 8. Financial charges

Finance costs	(in thousands of €)			
	Note	30.06.2014	30.06.2013 restated	Change
Borrowing interest costs	8.1	-25,658	-26,702	1,044
Unwinding of discounts	8.2	-2,386	-275	-2,111
Other financial expenses		-56	-39	-17
Total		-28,100	-27,016	-1,084

8.1. Borrowing interest costs primarily include interest on the RTR finance lease contract, the loans from the European Investment Bank, the long-term debenture and regulatory liabilities. Debt repayments explain the decrease of interest costs.

8.2. Expenses related to discounted provisions are up. The decreased interest rate used to calculate the discount of liabilities related to employee benefits (2.27% instead of 3.05%) explains the major part of the evolution.

Note 9. Income tax

Income tax expense	(in thousands of €)			
	Note	30.06.2014	30.06.2013 restated	Change
Current tax		-22,947	-21,435	-1,512
Deferred tax		8,195	5,690	2,505
Total	9.1	-14,752	-15,745	993

9.1. Income taxes decrease with € 993 thousand compared with the first half-year of 2013. The difference is mainly due to the decrease of the pre-tax profit.

Current tax	(in thousands of €)		
	30.06.2014	30.06.2013 restated	Change
Income tax on the profit of the period	-22,970	-21,700	-1,270
Taxes and withholding taxes due or paid	-25,523	-26,725	1,202
Estimated additional tax included in liabilities	2,553	5,025	-2,472
Adjustments to previous years' taxes	23	265	-242
Total	-22,947	-21,435	-1,512

Deferred tax		(in thousands of €)			
	Note	30.06.2014	30.06.2013 restated	Change	
Relating to origination or reversal of temporary differences		8,195	5,690	2,505	
Differences arising from the valuation of non-current assets		9,278	8,956	322	
Differences arising from provisions		9.2	-1,521	-3,326	1,805
Others		438	60	378	
Relating to tax rate changes or to new taxes		0	0	0	
Relating to changes in accounting policies and errors		0	0	0	
Relating to changes in fiscal status of entity or shareholders		0	0	0	
Total		8,195	5,690	2,505	

9.2. Deferred taxes on provisions rise with € 1,805 thousand. This is the result of the effect of the evolution of discount interest rates related to employee benefits (see Note 8.2) on one hand and a non-current effect of reversed provisions for decommissioning the peak-shaving installation in Dudzele in the first half-year of 2013 on the other hand.

Note 10. Net profit (loss) of the period

Net profit for the period	(in thousands of €)		
	30.06.2014	30.06.2013 restated	Change
Non-controlling interests	0	0	0
Fluxys share	26,698	29,563	-2,865
Total net profit for the period	26,698	29,563	-2,865

The net consolidated profit of the period amounts to € 26,698 thousand compared with € 29,563 thousand in the first half-year of 2013, a decrease of € 2,865 thousand.

The net result from regulatory activities is mainly determined by the invested capital, the financial structure and the interest rates (OLO).

Interest rates used as reference for calculating the authorised regulatory return on assets are the linear bonds on 10 years, issued by the Belgian state. The average interest rate for the first 6 months of 2014 (lower than 2.0%) decreased compared with the interest rate for the first half-year of 2013 and even compared to the average of the whole year 2013. This results in a drop of € 3.9 million of the regulatory half-year net result, with all other aspects remaining unchanged.

This impact is partially compensated by the favourable effect of the efficiency efforts and by the lower impact of tariff decisions relating to previous years.

Finally, the extension of an agreement for usage of installations explains the balance of the evolution of the net result.

Note 11. Profit (loss) per share

Numerator (in thousands of €)	30.06.2014	30.06.2013 restated
Net profit from continuing operations attributable to the parent entity's shareholders	26,698	29,563
Net profit	26,698	29,563
Impact of dilutive instruments	0	0
Diluted net profit from continuing operations attributable to the parent entity's shareholders	26,698	29,563
Net profit/loss from discontinued operations attributable to the parent entity's shareholders	0	0
Net profit	0	0
Impact of dilutive instrument	0	0
Diluted net profit from discontinued operations attributable to the parent entity's shareholders	0	0
Net profit per attributable to the parent entity's shareholders	26,698	29,563
Net profit	26,698	29,563
Impact of dilutive instruments	0	0
Diluted net profit per attributable to the parent entity's shareholders	26,698	29,563
Denominator (in units)	30.06.2014	30.06.2013 restated
Average number of outstanding shares	70,263,501	70,263,501
Impact of dilutive instruments	0	0
Diluted average number of outstanding shares	70,263,501	70,263,501
Profit per share (in €)	30.06.2014	30.06.2013 restated
Basic earnings per share from continuing operations attributable to the parent entity's shareholders	0.3800	0.4207
Diluted earnings per share from continuing operations attributable to the parent entity's shareholders	0.3800	0.4207
Basic earnings per share from discontinued operations attributable to the parent entity's shareholders	0	0
Diluted earnings per share from discontinued operations attributable to the parent entity's shareholders	0	0
Basic earnings per share attributable to the parent entity's shareholders	0.3800	0.4207
Net diluted earnings per share attributable to the parent entity's shareholders	0.3800	0.4207

Note 12. Tangible fixed assets

Movements in property, plant and equipment				
	Land	Building	Gas transmission networks*	Gas storage facilities*
Gross carrying amount				
At 31.12.2012	42,012	132,910	3,212,534	381,145
Additions	825	313	44,839	3,227
Government grants	0	0	-557	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-761	-188	-16,479	-3,589
Internal transfers	9	6,682	-2,681	431
Changes in consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31.12.2013	42,085	139,717	3,237,656	381,214
Additions	575	26	4,419	555
Government grants	0	0	-20,100	0
Acquisitions through business combinations	0	0	0	0
Disposals and retirements	-316	-214	-9,075	0
Internal transfers	0	-18	2,175	350
Changes in consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 30.06.2014	42,344	139,511	3,215,075	382,119

* Installations subject to the Gas Act

Up to 30 June 2014 Fluxys Belgium and its subsidiaries made investments for an amount of € 39,361 thousand. The most important investments relate to the construction of the second jetty in Zeebrugge (€ 15.8 million). The remaining balance of government grants for the North-South investments was recognised in the first half-year of 2014, based on filed dossiers.

(in thousands of €)				
LNG terminal *	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,001,303	43,000	43,149	142,028	4,998,081
8,412	141	4,835	38,067	100,659
0	0	0	0	-557
0	0	0	0	0
0	-22	-138	-764	-21,941
31,999	63	0	-36,503	0
0	0	0	0	0
0	0	0	0	0
1,041,714	43,182	47,846	142,828	5,076,242
1,154	143	989	31,500	39,361
0	0	0	0	-20,100
0	0	0	0	0
0	0	-359	0	-9,964
0	18	0	-2,525	0
0	0	0	0	0
0	0	0	0	0
1,042,868	43,343	48,476	171,803	5,085,539

Regarding current or planned investments as of 30 June 2014 Fluxys Belgium and its subsidiaries undersigned agreements for an amount of € 52.6 million related to *Engineering, Procurement and Construction*.

Movements in property, plant and equipment				
	Land	Buildings	Gas transmission networks*	Gas storage facilities*
Depreciation and impairment losses				
At 31.12.2012	0	-68,859	-1,608,046	-171,548
Depreciation	0	-4,964	-91,168	-10,950
Depreciation on subsidies received	0	162	14,340	1,909
Internal transfers	0	-137	137	0
Changes in consolidation scope assets held for sale	0	0	0	0
Translation adjustments	0	0	0	0
At 31.12.2013	0	-73,798	-1,684,737	-180,589
Depreciation	0	-2,401	-46,317	-5,519
Depreciation on subsidies received	0	205	5,745	0
Internal transfers	0	0	0	0
Changes in the consolidation scope	0	0	0	0
Translation adjustments	0	0	0	0
At 30.06.2014	0	-75,994	-1,725,309	-186,108
Net carrying amount at 30.06.2014	42,344	63,517	1,489,766	196,011
Net carrying amount at 31.12.2013	42,085	65,919	1,552,919	200,625
Net carrying amount at 30.06.2014 of assets held under finance leases	0	49	23,510	0

* Installations subject to the Gas Act

(in thousands of €)				
LNG terminal *	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-661,944	-42,663	-28,473	0	-2,581,533
-22,984	-97	-3,776	0	-133,939
0	1	133	0	16,545
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-684,928	-42,759	-32,116	0	-2,698,927
-12,120	-56	-2,004	0	-68,417
0	0	359	0	6,309
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
-697,048	-42,815	-33,761	0	-2,761,035
345,820	528	14,715	171,803	2,324,504
356,786	423	15,730	142,828	2,377,315
0	0	13	0	23,572

Depreciations recorded in the period amount to € 68,417 thousand reflecting the rate at which Fluxys Belgium and its subsidiaries expect to consume the future economic benefits related to the assets.

At balance sheet date Fluxys Belgium and its subsidiaries have no indication whatsoever of any item of tangible fixed assets that may have been impaired.

Note 13. Intangible assets

Movements in the carrying amount of intangible assets			(in thousands of €)
	Software	CO ₂ Emission rights	Total
Gross carrying amount			
At 31.12.2012	44,924	0	44,924
Additions	7,481	0	7,481
Disposals and retirements	-61	0	-61
Translation adjustments	0	0	0
Change in consolidation scope	0	0	0
Others	0	0	0
At 31.12.2013	52,344	0	52,344
Additions	1,887	0	1,887
Disposals and retirements	0	0	0
Translation adjustments	0	0	0
Change in consolidation scope	0	0	0
Others	0	0	0
At 30.06.2014	54,231	0	54,231

Movements in the carrying amount of intangible assets			(in thousands of €)
	Software	CO₂ emission rights	Total
Amortisation and impairment losses			
At 31.12.2012	-27,900	0	-27,900
Amortisation	-8,281	0	-8,281
Disposals and retirements	11	0	11
Changes in consolidation scope	0	0	0
At 31.12.2013	-36,170	0	-36,170
Amortisation	-3,351	0	-3,351
Disposals and retirements	0	0	0
Changes in consolidation scope	0	0	0
At 30.06.2014	-39,521	0	-39,521
Net carrying amount at 30.06.2014	14,710	0	14,710
Net carrying amount at 31.12.2013	16,174	0	16,174

Intangible assets include the carrying amount of software related to investments, either developed or acquired by Fluxys Belgium and its subsidiaries. This software is amortised straight line over 5 years. The principal investments in the first half-year relate to software development for managing gas flows and related administrative tools.

At balance sheet date Fluxys Belgium and its subsidiaries have no indication whatsoever of any item of intangible fixed assets that may have been impaired.

Note 14. Long-term loans and receivables

Non-current loans and receivables		(in thousands of €)	
	Note	30.06.2014	31.12.2013
Regulatory assets	14.1	15,811	18,098
Total		15,811	18,098

14.1. This section includes the regulatory receivable related to the storage activity which principally originates from decommissioning the peak-shaving installation in Dudzele. The reduction of this regulatory receivable in the first half-year of 2014 is mainly explained by the drop of the authorised regulatory margin, connected to the interest rates.

Note 15. Stocks

Carrying amount of inventories	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Supplies and consumables	34,387	34,967	-580
Gross carrying amount	41,153	41,733	-580
Impairment	-6,766	-6,766	0
Goods held for resale	6,857	11,283	-4,426
Gross carrying amount	8,796	11,283	-2,487
Impairment	-1,939	0	-1,939
Contracts in progress	159	491	-332
Gross carrying amount	159	491	-332
Impairment	0	0	0
Total	41,403	46,741	-5,338

Generally as of 30 June 2014 stocks decline with € 5,338 thousand, mainly related to the gas stock (€ 4,426 thousand). Both the volume of gas and the price are decreasing which explains the evolution of this section.

Inventories – Impact of movements on net profit	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Inventories – purchased or used	-3,399	-2,932	-467
Impairment	-1,939	-1,535	-404
Total	-5,338	-4,467	-871

Note 16. Tax receivables

Current tax receivable	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Recoverable income taxes	3,617	1,064	2,553
Total	3,617	1,064	2,553

The evolution in the section of tax receivables is seasonal and is determined by the pattern which is followed in respect of prepayment of taxes.

Note 17. Trade and other receivables

Trade and other receivables	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Net trade receivables	57,083	61,195	-4,112
Other receivables	21,988	5,108	16,880
Total	79,071	66,303	12,768

Fluxys Belgium and its subsidiaries reduce the exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers (payment within 30 days), a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position.

The other receivables mainly concern withholding taxes and VAT to receive. As of 30 June 2014 the section also includes the balance of government grants to receive related to the 'North-South'-investments for an amount of € 20.1 million (see Note 12).

Note 18. Short-term investments, cash and cash equivalents

Short-term investments, cash and cash equivalents	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Short-term investments	113,644	143,738	-30,094
Cash and cash equivalents	207,651	130,758	76,893
Cash equivalents and cash pooling	159,855	119,549	40,306
Short-term deposits	45,786	1,200	44,586
Bank balances	2,002	10,002	-8,000
Cash in hand	8	7	1
Total	321,295	274,496	46,799

Current investments are investments with a maturity of more than three months in bonds, commercial paper and bank deposits.

Cash and cash equivalents are mainly euro investments in commercial paper that mature within a maximum of three months after the date of acquisition, deposits made with Fluxys Finance (cash pooling), term deposits at financial institutions, bank balances and cash in hand.

During the first half-year of 2014, the average return on short-term investments and cash equivalents was 0.77%. The average capital invested in that period amounted to € 324.6 million.

Note 19. Equity and dividends

As of 30 June 2014 the equity attributable to the shareholders of the parent company amounted to € 718,005 thousand. The decrease of € 72,847 thousand compared to the previous fiscal year is mainly due to the distribution of dividends in 2014 for an amount of € 92,750 thousand, as a result of the Fluxys Belgium annual general shareholder's meeting. This decrease is partially compensated by the net result of the period attributable to the shareholders of the parent company for an amount of € 19,903 thousand.

Note on parent entity shareholding

	Ordinary shares	Preferred shares	Total
I. Movements in number of shares			
1. Number of shares, beginning balance	70,263,501	0	70,263,501
2. Number of shares issued	0	0	0
3. Number of ordinary shares cancelled or reduced (-)	0	0	0
4. Number of preferred shares redeemed, converted or reduced (-)	0	0	0
5. Other increase (/decrease)	0	0	0
6. Number of shares, ending balance	70,263,501	0	70,263,501
II. Other information			
1. Par value of shares	Par value not specified		
2. Number of shares owned by the entity			0
3. Interim dividends during the fiscal year			0

Note 20. Interest-bearing borrowings

Non-current interest-bearing borrowings		(in thousands of €)		
	Note	30.06.2014	31.12.2013	Change
Finance leases		19,699	19,699	0
Debentures		699,223	699,076	147
Other borrowings		411,500	411,500	0
Other liabilities	20.1	440,217	373,483	66,734
Total		1,570,639	1,503,758	66,881

Current interest-bearing borrowings		(in thousands of €)		
	Note	30.06.2014	31.12.2013	Change
Finance leases		13,374	14,167	-793
Debentures		9,919	10,170	-251
Other borrowings		39,020	27,668	11,352
Other liabilities	20.1	9,630	32,321	-22,691
Total		71,943	84,326	-12,383

20.1. The regulatory liabilities included in 'Other liabilities' represent the positive difference between the invoiced regulated prices and the acquired regulated prices. The share of tariff gains listed as non-current liabilities corresponds to the regulatory liabilities to be repaid in more than one year's time, while the gains to be repaid within the year are listed as current liabilities. These amounts are interest bearing.

Note 21. Other financial liabilities

Part of the liabilities from finance leases is financed at a short-term interest rate. To manage this risk exposure, Fluxys Belgium uses interest rate swap contracts to swap a floating rate for a fixed rate of 5.19%. Although these contracts largely offset the risk exposure, they do not meet the strict criteria for hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement'.

The fair value of these financial instruments is reported under 'Other financial liabilities' on the balance sheet.

Note 22. Provisions for employee benefits and other provisions

22.1. Provisions (excluding provisions for employee benefits)

Provisions	(in thousands of €)		
	Litigation and claims	Environment and site restoration	Total
Provisions at 31.12.2013	4,883	7,442	12,325
Additions	69	0	69
Use	-1,495	-848	-2,343
Surpluses	- 705	0	-705
Unwinding of the discount		58	58
Provisions at 30.06.2014, of which:	2,752	6,652	9,404
Non-current provisions	2,358	6,504	8,862
Current provisions	394	148	542

Usage of the period mainly comprises reinstatement of sites closed down and compensation to victims of the accident in Ghislenghien.

The provision for the environment and reinstatement of sites in Sclessin were transferred to long-term liabilities as a consequence of reviewing the planning of the project.

Discount rate. The long-term provisions are systematically discounted based on the interest rates which – depending the term – evolved as follows:

Discount rate	30.06.2014	31.12.2013
Between 1 and 5 years	0.67%	1.25%
Between 6 and 10 years	1.61%	2.42%
Over ten years	2.27%	3.05%

22.2. Provisions for employee benefits

Provisions for employee benefits	(in thousands of €)
Provisions at 31.12.2013	53,633
Additions	2,963
Use	-4,331
Surpluses	0
Unwinding of the discount	2,647
Actual gains/losses recognised in profit/loss (seniority bonuses)	1,761
Expected return on plan assets	-2,080
Actual gains/losses directly recognised in equity	10,295
Transfer to assets	-3,405
Provisions at 30.06.2014, of which:	61,483
Non-current provisions	57,456
Current provisions	4,027

The pension costs allocated to the period are recognised as personnel expenses and provisions.

Expenses resulting from the discount rate update are reported in the financial result of the group, compensated with the expected return on the hedging instruments. The expected percentage of return on the hedging instruments is fit to the discount rate applied to determine the actuarial debt.

Provisions for defined benefit pension plans present a surplus of the hedging instruments compared with the actuarial debt from estimated obligations as of 30 June 2014. As a result the amount is reported on the asset side of the balance sheet under sections 'Other non-current assets' (€ 14.9 million compared with € 18.1 million as of 31 December 2013) and 'Other current assets' (€ 0.9 million compared with € 1.1 million as of 31 December 2013). These surpluses are connected to the actuarial differences recorded during the fiscal year and with the financial policy of the group aiming to be in line with the estimated actuarial debt of the group.

Actuarial assumptions. The actuarial assumptions for Fluxys Belgium and its subsidiaries have been determined by qualified actuaries. The principal assumptions can be summarised as follows:

Main actuarial assumptions used	(in %)			
	30.06.2014		31.12.2013	
	Pensions	Other	Pensions	Other
Discount rate	2.27 %	2.27 %	3.05 %	3.05 %
Expected return	2.27 %	-	3.05 %	-
Expected average salary increase	4.00 %	4.00 %	4.00 %	4.00 %
Expected increase of health benefits	-	3.00 %	-	3.00 %

Note 23. Deferred tax liabilities

Recognised deferred tax liabilities	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Valuation of fixed assets	296,108	305,384	-9,276
Accrued income	4,826	5,091	-265
Fair value of Financial instruments	-32	-42	10
Tax credits	0	0	0
Provisions for employee benefits or not accepted under IFRS	28,851	30,829	-1,978
Other normative differences	205	390	-185
Total	329,958	341,652	-11,694

Deferred tax assets and deferred tax liabilities are compensated per fiscal entity.

The first important source of deferred taxes is the difference between the carrying amount and the fiscal value of fixed assets. On the one hand, this difference is due to the fact that tangible fixed assets in the opening balance sheet have been recognised at fair value which corresponded with the supposed acquisition cost and on the other hand to recognition at fair value of assets and liabilities originating from business combinations SEGEO and Fluxys & Co (former Distrigas & C°) in 2008.

Provisions recorded according IAS 19 'Employee benefits' and the provisions recorded according Belgian GAAP but not accepted under IFRS constitute the other major source of deferred taxes.

Note 24. Tax liabilities

Current tax payable	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Income tax payable	6,963	7,423	-460
Total	6,963	7,423	-460

The section 'Tax liabilities' includes the income tax and other tax liabilities.

Note 25. Current trade debts and other liabilities

Trade and other liabilities	(in thousands of €)		
	30.06.2014	31.12.2013	Change
Suppliers	41,220	38,052	3,168
Payroll and related debts	26,522	24,038	2,484
Other amounts payable	7,022	404	6,618
Total	74,764	62,494	12,270

Starting the first half-year of 2014 Fluxys Belgium is charged with invoicing federal contributions and transferring them to CREG, which explains the evolution of other liabilities.

Note 26. Contingent assets and liabilities & rights and commitments of Fluxys Belgium and its subsidiaries

Introduction

Only new rights and commitments as well as the ones which faced a substantial evolution since the last annual closing date are reported here. As a consequence this note needs to be read in parallel with the rights and commitments reported under Note 32 'Contingent assets and liabilities – rights and commitments of the group' in the financial statements under IFRS in the 2013 annual report.

26.1. Ghislenghien accident

As announced since November 2011 in agreement with the insurance companies and other responsible parties Fluxys Belgium started decisively compensating the private victims of the accident in Ghislenghien back in 2004. Although the major part of the victims has been compensated already in 2012, some dossiers were concluded in the past half-year and others will be concluded in the months to come. Fluxys Belgium evaluates these dossiers taking into account their evolution. Currently no reliable evaluation can be made. Therefore no provision has been recorded as of 30 June 2014.

26.2 Claim regarding Open Rack Vaporizer investment

Relating to the investment 'Open Rack Vaporizer', realised by Fluxys LNG, a claim was filed by a supplier for compensation of additional work. Fluxys LNG contests the claim and an expert was appointed to evaluate the dossier. Currently no reliable evaluation can be made. Therefore no provision has been recorded as of 30 June 2014.

Note 27. Significant transactions between related parties

Fluxys Belgium and its subsidiaries are controlled by Fluxys, which itself is controlled by Publigas.

The consolidated financial statements include transactions performed by Fluxys Belgium and its subsidiaries in the normal course of their activities with non-consolidated affiliated or associated entities. These transactions take place under market conditions and mainly involve Fluxys, Finpipe, IZT, Gaz-Opale and Fluxys Finance, the entity in which the management of Fluxys group's cash funds and financing is centralised.

Related parties at 30.06.2014	(in thousands of €)			
	Joint ventures	Associates	Other related parties	Total
I. Assets with related parties	0	0	208,508	208,508
1. Other Financial assets	0	0	0	0
1.1. Securities other than shares	0	0	0	0
1.2. Loans	0	0	0	0
2. Other non-current assets	0	0	19,975	19,975
2.1. Finance lease contracts	0	0	19,975	19,975
2.2. Other non-current receivables	0	0	0	0
3. Trade and other receivables	0	0	1,607	1,607
3.1. Trade receivables	0	0	170	170
3.2. Finance lease contracts	0	0	1,437	1,437
3.3. Other receivables	0	0	0	0
4. Cash and cash equivalents	0	0	186,926	186,926
5. Other current assets	0	0	0	0
II. Liabilities with related parties	0	0	40,623	40,623
1. Interest-bearing liabilities (current and non-current)	0	0	40,426	40,426
1.1. Bank borrowings	0	0	0	0
1.2. Finance lease contracts	0	0	32,994	32,994
1.3. Bank overdrafts	0	0	0	0
1.4. Other borrowings	0	0	7,432	7,432
2. Trade and other payables	0	0	13	13
2.1. Trade payables	0	0	13	13
2.2. Other payables	0	0	0	0
3. Other current liabilities	0	0	184	184
III. Transactions with related parties				
1. Sale of non-current assets	0	0	0	0
2. Purchase of non-current assets (-)	0	0	0	0
3. Services rendered and goods delivered	0	0	1,946	1,946
4. Services received (-)	0	0	-126	-126
5. Financial income	0	0	58	58

Related parties at 31.12.2013	(in thousands of €)			
	Joint ventures	Associates	Other related parties	Total
I. Assets with related parties	0	0	172,007	172,007
1. Other Financial assets	0	0	0	0
1.1. Securities other than shares	0	0	0	0
1.2. Loans	0	0	0	0
2. Other non-current assets	0	0	19,975	19,975
2.1. Finance lease contracts	0	0	19,975	19,975
2.2. Other non-current receivables	0	0	0	0
3. Trade and other receivables	0	0	4,117	4,117
3.1. Trade receivables	0	0	1,243	1,243
3.2. Finance lease contracts	0	0	2,874	2,874
3.3. Other receivables	0	0	0	0
4. Cash and cash equivalents	0	0	147,915	147,915
5. Other current assets	0	0	0	0
II. Liabilities with related parties	0	0	34,077	34,077
1. Interest-bearing liabilities (current and non-current)	0	0	33,756	33,756
1.1. Bank borrowings	0	0	0	0
1.2. Finance lease contracts	0	0	33,756	33,756
1.3. Bank overdrafts	0	0	0	0
1.4. Other borrowings	0	0	0	0
2. Trade and other payables	0	0	28	28
2.1. Trade payables	0	0	28	28
2.2. Other payables	0	0	0	0
3. Other current liabilities	0	0	293	293
III. Transactions with related parties				
1. Sale of non-current assets (-)	0	0	0	0
2. Purchase of non-current assets (-)	0	0	0	0
3. Service rendered and goods delivered	0	0	3,540	3,540
4. Services received (-)	0	0	-101	-101
5. Financial income	0	0	-1,552	-1,552

Note 28. Segment information

Fluxys Belgium and its subsidiaries carry out activities in the following operating segments: transmission, storage and terminalling activities in Belgium and other activities.

The segment information is based on classification into these operating segments.

Transmission activities comprise all operations subject to the Gas Act related to transmission in Belgium.

Storage activities comprise all operations subject to the Gas Act related to storage in Loenhout in Belgium.

Terminalling activities comprise all operations subject to the Gas Act related to the LNG terminal at Zeebrugge in Belgium.

The segment 'Other activities' comprises other services rendered by Fluxys and its subsidiaries such as participating in the IZT and ZPT⁴ terminals in Belgium and work for third parties.

⁴ Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT).

Segment income statement at 30.06.2014						(in thousands of €)	
	Transmission	Storage	Terminalling	Other activities	Inter-segment transfers	Total	
Operating revenue							
Sales and services to external customers	198,983	15,137	45,630	6,157	0	265,907	
Transactions with other segments	4,963	2,881	3,760	3,237	-14,841	0	
Sales of gas for operating needs	19,749	459	256	0	0	20,464	
Other operating income	1,041	1,464	257	1,457	1,611	5,830	
Consumables, merchandise and supplies used	-1,140	0	-1,536	-1,026	1,518	-2,184	
Purchases of gas for operating needs	-19,750	-459	-256	0	0	-20,465	
Miscellaneous goods and services	-55,299	-4,852	-14,497	-5,078	13,400	-66,326	
Employee expenses	-45,723	-4,425	-6,783	-2,796	0	-59,727	
Other operating expenses	-4,734	-274	-1,258	-130	0	-6,396	
Depreciation and amortisation	-53,363	-5,678	-12,511	-216	0	-71,768	
Provisions for risks and charges	-466	549	-78	6,030	-1,688	4,347	
Impairment losses	-1,894	0	-45	0	0	-1,939	
Profit from continuing operations	42,367	4,802	12,939	7,635	0	67,743	
Gain/loss from disposal of Financial assets	0	0	0	0	0	0	
Changes in the fair value of Financial instruments	28	0	0	395	0	423	
Financial income	100	12	1	1,271	0	1,384	
Financial expenses	-21,807	-2,651	-1,696	-1,946	0	-28,100	
Profit/loss from continuing operation after net Financial result	20,688	2,163	11,244	7,355	0	41,450	
Income tax expense						-14,752	
Profit/loss for the period						26,698	

The operating profit decreased compared with the first half-year of 2013.

This is due to the following reasons:

- The interest rates used as a reference for the calculation of the authorised return on regulated assets, are the 10-year linear bonds issued by the Belgian state. The average of the first 6 months of 2014 (lower than 2.0%) is lower than in the first half-year of 2013 and even lower than the average for the whole year 2013. This results in a decrease of the operating result of € 5.9 million.
- This impact is partially compensated by the favourable impact of the efficiency efforts and by the smaller impact of tariff decisions related to previous years.
- Finally the extension of an agreement for the usage of installations explains in a considerable way the decrease of the result of the segment 'Other activities'.

Segment balance at 30.06.2014						(in thousands of €)
	Transmission	Storage	Terminal- ling	Other activities	Unallocated	Total
Tangible assets	1,709,655	204,666	402,462	7,721	0	2,324,504
Intangible assets	14,643	52	15	0	0	14,710
Inventories	40,830	0	414	159	0	41,403
Financial lease receivables	0	0	0	21,412	0	21,412
Net trade receivables	51,846	3,267	671	1,299	0	57,083
Other assets	0	0	0	0	386,924	386,924
						2,846,036
Interest-bearing liabilities	1,169,779	142,219	150,714	179,870	0	1,642,582
Other financial liabilities	94				0	94
Other liabilities	0	0	0	0	1,203,360	1,203,360
						2,846,036

Segment income statement at 30.06.2013						(in thousands of €)
	Transmission	Storage	Terminal- ling	Other activities	Inter- segment transfers	Total
Operating revenue						
Sales and services to external customers	195,398	12,404	45,559	9,071	0	262,432
Transactions with other segments	4,927	2,954	2,208	3,707	-13,796	0
Sales of gas for operating needs	42,799	831	2,260	0	0	45,890
Other operating income	1,852	-1,076	234	7,833	0	8,843
Consumables, merchandise and supplies used	-733	-21	-31	-65	0	-850
Purchases of gas for operating needs	-42,799	-831	-2,260	0	0	-45,890
Miscellaneous goods and services	-60,659	-5,663	-14,605	-8,361	13,796	-75,492
Employee benefits	-50,524	-5,290	-7,803	-2,924	0	-66,541
Other operating expenses	-1,878	-568	-1,073	-414	0	-3,933
Depreciation and amortisation	-52,578	-5,653	-11,361	-381	0	-69,973
Provisions for risks and charges	-346	8,512	-5	8,255	0	16,416
Impairment losses	-419	0	0	0	0	-419
Profit from continuing operations	35,040	5,599	13,123	16,721	0	70,483
Gain/loss from disposal of						
Financial assets	0	0	0	0	0	0
Changes in the fair value of						
Financial instruments	421	0	0	-3	0	418
Financial income	441	54	14	914	0	1,423
Financial expenses	-21,249	-2,632	-1,832	-1,303	0	-27,016
Profit/loss from continuing operations after net Financial result	14,653	3,021	11,305	16,329	0	45,308
Income tax expense						-15,745
Profit/loss for the period						29,563

Segment balance sheet at 31.12.2013						(in thousands of €)
	Transmission	Storage	Terminal- ling	Other activities	Unallocated	Total
Tangible fixed assets	1,762,474	208,690	397,690	8,461	0	2,377,315
Intangible assets	16,066	88	20	0	0	16,174
Inventories	45,733	0	517	491	0	46,741
Financial lease receivables	0	0	0	22,849	0	22,849
Net trade receivables	53,069	4,653	1,639	1,834	0	61,195
Other assets	0	0	0	0	333,981	333,981
						2,858,255
Interest-bearing liabilities	1,110,120	135,583	129,802	212,579	0	1,588,084
Other current Financial liabilities	122	0	0	0	0	122
Other liabilities					1,270,049	1,270,049
						2,858,255

Note 29. Financial instruments

The most important financial instruments of the group consist of financial and commercial receivables and payables, short-term investments, cash and cash equivalents and interest rate swaps (IRS).

The table below provides an overview of the financial instruments as of 30 June 2014:

Summary of Financial instruments at balance sheet date		(in thousands of €)		
	Category	Book value	Fair value	Level
I. Non-current assets				
Other Financial assets	1	184	184	2
Finance lease receivables	1	19,975	19,975	2
Loans and receivables	1	15,811	15,811	2
II. Current assets				
Finance lease receivables	1	1,437	1,437	2
Trade and other receivables	1	79,071	79,071	2
Short-term investments	1 & 2	113,644	113,644	1 & 2
Cash and cash equivalents	1 & 2	207,651	207,651	1 & 2
Total Financial instruments-assets		437,773	437,773	
I. Non-current liabilities				
Interest-bearing liabilities	1	1,570,639	1,604,429	2
II. Current liabilities				
Interest-bearing liabilities	1	71,943	71,943	2
Other Financial liabilities	2	94	94	2
Trade and other payables	1	74,764	74,764	2
Total Financial instruments - liabilities		1,717,440	1,751,230	

The categories correspond to the following financial instruments:

1. Financial assets (including loans and receivables) or financial liabilities at amortised cost.
2. Assets or liabilities at fair value through profit or loss.

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

Level 1 of the fair value hierarchy includes short-term investments and cash equivalents whose fair value is based on quoted prices. They consist mainly of bonds.

Level 2 of the fair value hierarchy includes other financial assets and liabilities whose fair value is based on other inputs that are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are as follows:

- The items 'Interest-bearing liabilities' include the fixed-rate debentures issued by Fluxys Belgium, whose fair value is determined based on observable rates in active markets.
- The items 'Other financial liabilities' include an interest rate swap (IRS) whose fair value is determined based on observable rates in active markets, usually provided by financial institutions.
- The fair value of other Level 2 financial assets and liabilities is largely identical to their carrying amount:
 - either because they have a short-term maturity (such as trade receivables and payables), or
 - because they bear interest at the market rate at the balance sheet date.

Note 30. Events after the balance sheet date

No event which occurred after the balance sheet date influences in a substantial way the presented financial statements.

2.4 Statutory auditor's report

Report on review of the consolidated interim financial information
for the six-month period ended 30 June 2014

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed balance sheet as at 30 June 2014, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 30.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Fluxys Belgium NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting as adopted by the European Union.

The consolidated condensed balance sheet shows total assets of 2,846,036 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 26,698 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Fluxys Belgium NV/SA has not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

Diegem, 24 September 2014

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

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