

Press release

Results for the first half of 2002 – 28 August 2002

1. Financial results first half-year 2002

- Stable consolidated net result based on 2002 consolidation scope

2. Commercial activity

- Further development of services for users of transport network and development of online platform for capacity transactions

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Fluxys is the natural gas transport company formed at the end of 2001 as a result of the demerger of the former Distrigas. With the half-yearly results for 2002 the company is for the first time publishing figures which are based solely on activities relating to natural gas transport.

1. Consolidated half-yearly results

Consolidated results (in € million)			
	30-06-2002	30-06-2001 restated according to the current consolidation scope (1)	30-06-2001 according to the consolidation scope on that date (2)
Turnover	201	2,181	2,209
Operating income	66	52	72
Financial result	-6	5	5
Current result	60	57	77
Extraordinary result	-1	-1	-1
Result before taxes	59	56	76
Taxes	-31	-28	-34
Net result of companies accounted for by equity method	0	0	1
Net result	28	28	43
Fluxys share	27	27	40
Third-party share	1	1	3

- (1) Excluding subsidiaries transferred to Distrigas SA at the demerger – (consolidation scope: NMTM, SEGEO and Huberator), but without restating the accounts on 30-06-2001 of the integrated company.
- (2) Consolidated results laid down by the board of directors on 26-09-2001 - consolidation scope applied: NMTM, SEGEO, Huberator, Distri RE, ETAC, Distrigas & C°, Finpipe and Transfin.

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Turnover

The consolidated turnover on 30-06-2002 consists mainly of revenue from Fluxys transport, terminalling and storage activities. The consolidated turnover on 30-06-2001 also included revenue from the sale of natural gas during the first half of 2001.

Financial result

On 30-06-2002 the financial result was negative (minus € 6 million), while the corresponding figure on 30-06-2001 was positive (€ 5 million). In the first half of last year dividends were recorded of subsidiaries which since the demerger of the company have been included in the result of Distrigas.

Net result

The consolidated net result on 30-06-2002 was € 28 million.

2. Commercial activity

2.1 TRANSPORT, STORAGE AND TERMINALLING SERVICES

Since August 2000, eligible end-users and their suppliers have access to the Fluxys transport infrastructure.

Natural gas transport services

Distrigas remained the largest shipper in the Fluxys network in the first half of 2002. Apart from Distrigas, there are also other shippers. Between January 2002 and the second half of August 2002, the turnover for the latter increased by over 30%.

During the first half of the year, Fluxys received 22 applications from consumers for new connections to the transport network. The number of applications for natural gas transport services in the first half-year was greater than in the whole of 2001.

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Interconnector shutdown: no impact for consumers in Belgium

In July 2002 quality problems arose with the gas coming from the UK and transport of natural gas through the Interconnector pipeline from Bacton to Zeebrugge had to be interrupted. Hydrocarbon condensates were found in the Bacton compressor station and in the undersea pipeline itself; these substances can cause damage to the infrastructure and make the gas unsuitable for delivery.

Fluxys exerted itself so that shippers in its network could supply natural gas to their customers as if in normal conditions; the Interconnector stop did not affect the supply to consumers in Belgium.

LNG terminalling services: more LNG cargoes unloaded

During the first half of 2002, 23 LNG cargoes were unloaded at the Zeebrugge LNG terminal, compared with 18 in the first half of 2001. On 20 July the Korean LNG tanker *Hyundai Oceanpia*, a vessel with a capacity of 137,176 m³ LNG (approx. 61,729 tonnes), arrived at the Zeebrugge terminal. The *Hyundai Oceanpia* was the biggest LNG carrier ever to call at Zeebrugge.

For extension plans see point 4 below.

2.2 HUB SERVICES

Further increase in liquidity at Zeebrugge Hub

Fluxys subsidiary Huberator is the operator of the Zeebrugge Hub, the largest spot market for natural gas in continental Europe. The total number of Huberator customers in the first half of 2002 stabilised at 44. Discussions with other potential hub customers are in progress.

The daily average of volumes physically delivered and net volumes traded rose by 47% and 50% respectively in comparison with the second half of 2001. On average, natural gas at the Hub changed ownership 4.1 times; during the month of July this factor rose to 9.

Zeebrugge Hub acts as backup during Interconnector shutdown

The shutdown of the Interconnector pipeline (see also item 2.1 above) resulted in substantial increases both in the physically delivered volumes and the net traded volumes on the Zeebrugge Hub in July, since traders used the Hub as source of backup gas in

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order to meet contractual obligations for the supply of British natural gas. The extension of the services offered by Huberator, which was implemented at the end of 2001 and included automatic backup in the event of interruption of source or technical problems, had a significant role in maintaining reliability at the Zeebrugge spot market.

2.3 DEVELOPMENT OF NEW SERVICES

Online capacity reservation system

Fluxys is working on a communication system to allow network users also to reserve the required transport capacity online. This will enable customers to book more quickly and smoothly on the primary market. The service should be available via the Fluxys website at the end of 2002.

The intention is to extend the online reservation system in 2003 with other website applications and with the possibility to make transport capacity available on the secondary market.

Shipper services

Since 2001, customers can call on Fluxys to monitor their messages and data traffic concerning natural gas transport in Belgium and Europe. Fluxys also can take care of their transport, hub and natural gas nominations. The company is one of the first players in continental Europe to offer services of this kind.

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3. Regulatory framework

3.1 Fluxys proposal for regulated tariffs for 2002

According to the Belgian Gas Act¹ and the Royal Decree of 15 April 2002² a system of regulated tariffs for natural gas transport services will replace the present system of negotiated tariffs. The regulated tariffs cover three types of service: transport, storage and terminalling activities.

At the end of June Fluxys submitted its application for approval of regulated tariffs 2002 to the Commission for Regulation of Electricity and Gas (CREG). The application for approval of regulated tariffs 2003 must be submitted to the CREG by 30 September 2002 at the latest.

Fluxys has already reduced its tariffs in 2001 and the tariff proposal 2002 again contains a tariff reduction, which would confirm the company's position among the operators with the lowest tariffs in the European Union. The CREG will approve or reject Fluxys' proposal by the end of September. The tariffs will come into force as soon as they have been approved and will also be published on the website (www.fluxys.net).

If the tariff proposal 2002 is approved, the tariffs should enable Fluxys to present its shareholders a dividend according to the current policy and to continue its policy regarding investments and reinforcements of the network.

Code of Conduct

The federal Council of Ministers approved in first reading the draft of the Royal Decree on the Code of Conduct on Friday 19 July. The draft lays down the general guidelines for access to the transport infrastructure, the storage facilities and the LNG terminal.

¹ Act of 12 April 1965 on the transport of gaseous and other substances by pipeline, published in the *Moniteur Belge/Belgisch Staatsblad* of 7 May 1965.

² Royal Decree of 15 April 2002 on the general tariff structure and the basic principles and procedures for tariffs and accounts of natural gas transport companies operating within Belgium, published in the *Moniteur Belge/Belgisch Staatsblad* of 23 April 2002.

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4. Investment policy

The Fluxys investment policy is aimed at ensuring safe and reliable operation of the network, reinforcing the infrastructure to meet future capacity and flexibility demands, and developing the infrastructure as a Transeuropean natural gas crossroads.

As regards the latter, a number of competing infrastructure projects are being considered to respond to the growing demand for gas imports by the United Kingdom in the years to come.

The LNG terminal at Zeebrugge, which has been operating in a reliable and versatile manner since its commissioning in 1987, is optimally located at the continental end of the Interconnector. The current project to strengthen Interconnector capacity in the direction of the United Kingdom offers interesting prospects for Fluxys, which wants to take maximum advantage of the trumps of the Zeebrugge LNG terminal for supplying the Belgian and North-West European gas market. In this respect Fluxys has started a study on a possible extension of LNG storage and emission capacity at the LNG terminal in Zeebrugge. This extension project could lead to an investment of around € 100 million.

5. Auditor's report as at 30-06-2002

We conducted a limited audit of the half-year consolidated and non-consolidated financial situation of Fluxys on 30 June 2002, in accordance with the standards and recommendations of the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'.

Our audit mainly consisted of analysing, comparing and discussing the financial information, and was therefore less extensive than a complete audit of the annual accounts.

In the course of this limited audit, no information came to light that might require significant adjustments to the Fluxys half-yearly financial situation.

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Antwerp, 26 August 2002
Deloitte & Touche Bedrijfsrevisoren B.V. o.v.v.e. C.V.B.A.
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Other languages

This press release is also available in French and Dutch. It can be consulted on the Fluxys website: www.fluxys.net – click on “Press releases.”

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