

Key Data First Half Year 2008

- **€100 million invested during the first half of the year, of which 60% for transmission in Belgium**
- **Capacity doubled at Zeebrugge LNG terminal since April 2008**
- **Increase in consolidated net profit to €56.7 million mainly due to new investments**
- **Appeals lodged against CREG tariff decisions in May and June 2008**
- **New services to optimize the use of the existing transmission and transit capacity of the network and to load LNG carriers**
- **Event taking place after the closing of the first half year: Fluxys acquires DISTRIGAS & C°**

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1. Fluxys Group – Results as of 30 June 2008 (IFRS)

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

1.1 Foreword

The accounting principles and methods adopted in the 2008 half-year financial statements are identical to those used in the most recent annual financial statements, except with respect to the rate of depreciation of certain facilities. The ensuing depreciation rates were made compliant with the Royal Decree on tariffs dated 8 June 2007.

This change, which was decided by the Fluxys Board of Directors at its meeting on 26 June 2008, led to an increase of €1.7 million in profit from operations (before taxes) for the first half.

1.2 Consolidation scope

Compared to 31 December 2007, the consolidation scope saw the following changes:

Distri-Ré portfolio. The hedging of group risks previously handled by Distri-Ré has been taken over by the company Flux Ré (created in late 2007) as from 1 January 2008. Consequently, the assets and liabilities of the Fluxys portfolio in Distri-Ré were transferred to Flux Ré, a fully consolidated subsidiary. The transfer did not give rise to any result.

APX Gas Zeebrugge. The group held, via Huberator, a 42% stake in APX Gas Zeebrugge, a joint venture responsible for the electronic trading platform and clearing services at the Zeebrugge hub.

This stake was transferred in early March 2008. A consolidated gain of €1,791 thousand was realised on the transfer.

Distrigas & C°. As stated hereafter, the purchase of Distrigas & C° by the Fluxys Group took place after the closing of the first half year and consequently does not impact on the first half year accounts.

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1.3 Summary consolidated income statement (€ thousand)

Consolidated income statement (IFRS)	(€ thousand)	
	30 June 2008	30 June 2007
Revenue	244,287	218,490
Profit from operations	75,678	56,272
Profit from the disposal of financial assets	1,791	0
Net financial income	2,042	4,473
Profit from continuing operations	79,511	60,745
Income tax expense	-22,854	-18,762
Net profit for the period	56,657	41,983
Fluxys share	55,774	40,022
Minority interest	883	1,961
Net earnings per share attributable to equityholders of the parent company (in €)	79.3782	56.9598

Revenue. Revenue for the first half of 2008 was €244,287 thousand, compared to €218,490 thousand for the first half of 2007, i.e. an increase of €25,797 thousand.

This revenue breaks down as follows:

- €213,490 thousand (87.4%) from activities subject to the Gas Act, i.e. gas transport, storage and terminalling in Belgium. This is an increase of €22,257 thousand compared to the same period in 2007, a change due mainly to the increase in interest rates (OLO) used for calculating the authorised return on invested capital (WACC) and the increase in the Regulated Asset Base (RAB) to which this return rate is applied, subsequent to investments made.
- €30,797 thousand (12.6%) from the company's other activities, representing an increase of €3,540 thousand compared to the first half of 2007, due mainly to the increase in income generated by the Balgzand-Bacton pipeline (Netherlands-UK), commissioned on 1 December 2006, and in which the group holds a 20% stake.

Profit from operations. The increase in this result is due mainly to the increase in revenue, from activities subject to the Gas Act as well as from other activities. It is important to note that the profit from operations during the second half could be impacted by the accounts for 2007 that have not yet been approved by CREG.

Net financial income. Financial income is down €2,431 thousand compared to the same period in 2007. This decrease is due mainly to the booking of interest on the €85 million loan taken out in 2007 from the European Investment Bank to finance the expansion of the capacity at the Zeebrugge LNG terminal; said interest was capitalised until the facilities were commissioned (April 2008).

Income tax expense. The €4,092 thousand increase in income tax expense is linked to the change in earnings before taxes. However, the increase is eased by the non-taxable income from the transfer of the stake in APX Gas Zeebrugge and by the increase in notional interest, lowering the tax base.

1.4 Summary consolidated balance sheet (€ thousand)

ASSETS	(€ thousand)	
	30-06-2008	31-12-2007
I. Non-current assets	1,801,381	1,729,056
Property, plant and equipment	1,613,027	1,543,585
Intangible assets	16,484	14,179
Goodwill	3,969	4,507
Other financial assets	1,763	394
Other assets	166,138	166,382
Deferred tax assets	0	9
II. Current assets	343,339	340,594
Inventories	50,704	33,980
Income tax receivable	5,030	891
Trade and other receivables	56,391	70,906
Cash and cash equivalents	223,114	219,500
Other assets	8,100	15,317
Total assets	2,144,720	2,069,650

Non-current assets. The increase in non-current assets is due primarily to investments made during the first half (€98,655 thousand) connected mainly with the capacity enhancement at the Zeebrugge LNG terminal, the new Zelzate compressor station, the laying of new pipelines and the expansion of storage capacity at Loenhout.

Depreciations on property, plant and equipment realised during the first half totalled €29,032 thousand.

Current assets. Total current assets remained stable compared to year-end 2007. Inventories were up due to the acquisition of equipment and to the increase in the price of gas, necessary for the balancing of the grid, while other current assets were down. This decrease is mainly the result of the collection of finance lease receivables.

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EQUITY AND LIABILITIES	(€ thousand)	
	30-06-2008	31-12-2007
I. Equity	1,248,065	1,239,647
Equity attributable to the shareholders of the parent company	1,229,403	1,217,051
<i>Share capital and share premiums</i>	60,310	60,310
<i>Retained earnings</i>	1,169,803	1,157,275
<i>Translation adjustment</i>	-710	-534
Minority interests	18,662	22,596
II. Non-current liabilities	721,706	713,088
Interest-bearing liabilities	315,252	303,212
Provisions	22,672	22,477
Provisions for employee benefits	50,155	49,427
Deferred tax liabilities	333,627	337,972
III. Current liabilities	174,949	116,915
Interest-bearing liabilities	39,355	48,273
Other financial liabilities	526	-
Provisions	8,549	6,810
Provisions for employee benefits	3,582	3,125
Income tax payable	13,173	1,270
Trade and other liabilities	105,826	53,199
Other liabilities	3,938	4,238
Total equity and liabilities	2,144,720	2,069,650

Equity. Equity changed as follows during the first half:

CHANGE IN EQUITY

	(in € thousand)		
	<u>EQUITY</u>	<u>MINORIT</u>	<u>TOTAL</u>
	<u>ATTRIBUTABLE</u>	<u>Y</u>	<u>EQUITY</u>
	<u>TO THE</u>	<u>INTEREST</u>	
	<u>SHAREHOLDERS</u>	<u>S</u>	
	<u>OF THE PARENT</u>		
	<u>COMPANY</u>		
CLOSING BALANCE AS AT 31 December 2007	1,217,051	22,596	1,239,647
1. Profit for the period	55,774	883	56,657
2. Gains and losses recognised directly in equity	-615	5	-610
3. Dividends distributed	-42,861	-4,768	-47,629
4. Changes in scope	0		0
5. Other changes	54	-54	0
V. CLOSING BALANCE AS AT 30 June 2008	1,229,403	18,662	1,248,065

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Non-current liabilities. Interest-bearing liabilities have increased due to the result of tariff gains during the first half of 2008.

Current liabilities. The increase in current liabilities is the result of a significant rise in debt with respect to our suppliers due to a large volume of investment invoices in June.

1.5 Summary consolidated cash flow statement (€ thousand)

	30-06-2008	30-06-2007
Cash and cash equivalents at the start of the period	219,500	278,600
Cash flows from operating activities (1)	144,226	52,510
Cash flows used in investing activities (2)	-104,247	-63,704
Cash flows used in financing activities (3)	-32,927	-30,790
Impact of changes in the consolidation scope	-3,438	0
Increase/(decrease) in cash and cash equivalents	3,614	-41,984
Cash and cash equivalents at the end of the period	223,114	236,616

(1) Cash flows from operating activities also include the variation in the working capital requirement.

(2) This amount factors in disinvestments.

(3) These cash flows essentially comprise dividends paid.

2. Events taking place after the closing of the first half year accounts

2.1 DISTRIGAS & C°

Following a decision by the Fluxys Board of Directors on 30 June 2008 and subsequent to a favourable opinion by the Committee of Independent Directors created in accordance with the provisions of Article 524 of the Companies Code, the Fluxys Group acquired 100% of DISTRIGAS & C° in July 2008.

For more information on this subject, please consult our press releases dated 1 and 17 July 2008, available on our website at www.fluxys.com.

Subsequent to this acquisition, Huberator is now wholly owned by the Fluxys Group.

The conclusions of the assessment report drafted by our Statutory Auditor in connection with this deal are included in section 2.2. The full assessment report drafted by the Statutory Auditor is available on our website at www.fluxys.com.

2.2 Statutory Auditor's assessment in accordance with Article 524 of the Companies Act

When carrying out our assignment, we used the following procedures:

- a) we obtained the minutes of the Board meeting of 30 June 2008 and compared the conclusion with the conclusion drawn by the committee of independent directors;
- b) we checked the accuracy of the financial information in the opinion issued by the committee of independent directors and the minutes of the Board meeting. As regards the particular case of transit activities, we looked at the adapted and generally accepted method for calculating the price adjustment.

Based on the procedures we used, we can make the following remarks:

- with regard to point a), we can confirm that the conclusion in the minutes of the Board meeting of 30 June 2008 tallies with the conclusion reached by the committee of independent directors;
- with regard to point b), we can confirm that the financial information in the opinion issued by the committee of independent directors and the minutes of the Board meeting is accurate. Despite this assessment, we have not analysed the values of any transactions, nor can we attest to the appropriateness of the decision by the Board of Directors.

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Our report may only be used within the framework of the transactions described above and may not be used for any other purpose. This report only concerns the aforementioned information and does not apply to any other information, regardless of its nature.

Antwerp, 27 August 2008

DELOITTE Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by Jurgen Kesselaers

2.3 SEGEO

On 27 June 2008, Fluxys reached an agreement to take over the 25% stake in SEGEO held by Gaz de France. As a result, SEGEO will be wholly owned by Fluxys. This agreement takes effect in the second half of the year.

3. Recent achievements and development projects

€100 million invested during the first half of 2008. Investment during the first half of 2008 totalled €100 million, 60% of which for transmission of natural gas in Belgium. The investment programme for 2008 focuses mainly on the following projects:

- completion of the Zeebrugge LNG terminal capacity expansion project;
- construction and commissioning of the Zelzate compressor station;
- refurbishment of compressor stations;
- expansion of underground storage capacity in Loenhout: works began in 2007 and will continue until 2011;
- laying of the Brakel-Haaltert pipeline: work began in May 2008 and the pipeline is due to be commissioned in October 2008.

3.1 Transport

Brakel-Haaltert. The laying of the Brakel-Haaltert natural gas transport pipeline to bolster the supply of natural gas in Flanders began in May 2008 and the pipeline itself is due to be commissioned in October 2008.

New east-west capacity in the permit phase. During the first half of the year, Fluxys submitted a series of new permit applications in order to lay a second pipeline between Eynatten and Opwijk (RTR2) along the existing Zeebrugge-Zelzate/Eynatten (RTR) transport route.

The RTR2 project stems from a market consultation that Fluxys held in 2005-2006, which led to contracts with some 20 grid users for new transit flows in both directions on the route in question. Construction of the second Eynatten-Opwijk pipeline is scheduled for 2010 and will also bolster transmission capacity on the Belgian market.

In addition, Fluxys plans to lay a second pipeline along the existing transport axis from Opwijk to Zomergem. It invited the affected municipalities in East Flanders to an initial information session in June 2008. Depending on the time necessary for the various permitting procedures, the Opwijk-Zomergem pipeline section could be laid in 2012.

New north-south capacity: close coordination with operators in neighbouring countries. In April 2007, Fluxys and French system operator GRTgaz each launched a market consultation at the same time to assess the level of interest in booking additional long-term natural gas transit capacity between Belgium and France. Some 40 grid users confirmed interest in a substantial amount of long-term capacity, which will require major infrastructure investments by Fluxys and GRTgaz. The coordination was extended to the Netherlands and Germany.

3.2 Storage

Storage in Loenhout: continuation of expansion project. In 2007, Fluxys began work to expand the capacity of the underground storage facility in Loenhout. The objective is to gradually increase, over a period of four years (2008-2011), useful storage capacity by 15% from 600 to 700 million m³. This will also make the use of storage more flexible thanks to the increase in send-out and injection capacity.

Research continues in Limburg. In collaboration with the Flemish Institute for Technological Research (VITO) and the Limburg Investment Company (LRM), Fluxys is looking into potential underground gas storage sites in the Kempen region of Limburg province. A seismic study was carried out in November 2007 in Bree, Maaseik, Kinrooi and Dilsen-Stokkem to map out the deep subsoil. During the first half of 2008, the research revealed the presence of structures. On 18 August 2008, additional research was launched in order to obtain a better knowledge of the geological characteristics of the subsoil.

3.3 LNG terminalling

New installations at the LNG terminal come on stream. The new installations intended to double the capacity of the LNG terminal in Zeebrugge were commissioned in April 2008. Accordingly, the number of slots offered to terminal users, who signed long-term contracts with Fluxys LNG in 2004, will gradually increase from 66 to 110 by the end of the year.

Market consultation launched for new expansion. Aware of the rising importance of LNG in Europe's energy supply, Fluxys LNG launched an international market consultation in late 2007 to assess the level of demand for additional capacity at the LNG terminal in Zeebrugge. Some 15 parties expressed interest in additional capacity for storage, unloading and regasification of LNG and injection of gas in the grid. Based on these results, a draft project is currently being examined.

Loading services at the Zeebrugge LNG terminal. July 2008 saw the launch of a new Fluxys LNG service, whereby LNG ships are loaded with LNG kept in storage at the terminal in Zeebrugge. The new LNG loading services were developed in response to demand from terminal users to be able to better exploit commercial opportunities on the LNG market.

3.4 Hub services

The first half of 2008 saw an increase in activity at the Zeebrugge Hub. Huberator, the Fluxys subsidiary in charge of operating the Zeebrugge Hub, signed contracts with four new members, boosting the number of Huberator members to 74 by the start of July. Net traded volumes were up slightly (+ 4%) compared to the first half of 2007.

3.5 New services to optimise use of existing grid capacity

Since April 2008, Fluxys has offered its transmission customers maximum flexibility in the use of entry points to the grid. With the new **Day Ahead Service**, customers can choose which entry points to use the following day according to what suits them best commercially. Entry-point capacity nominated using the Day Ahead Service may be reduced or interrupted where nominated capacity exceeds available capacity.

In April 2008, Fluxys also launched its **electronic platform for transit capacity trading on the secondary market**. The platform introduces real-time trading of Day Ahead capacity and other short-term products. The aim is to foster liquidity on the secondary transit capacity market so as to maximise efficient use of available capacity in the Fluxys gas transmission system.

In June 2008, Fluxys and GRTgaz signed a Memorandum of Understanding on developing a shared application based on the Fluxys platform which will allow grid users to trade capacity in both operators' networks.

In June 2008, Fluxys also launched the new **Transit/Transport Synergy Service**, which enables customers to convert, under certain conditions, transit capacity into transmission capacity for natural gas supply to the Belgian market.

4. Uncertainty of the regulatory framework

On 15 May and 6 June 2008, the federal regulator (CREG) made a series of tariff-related decisions pertaining to transmission, transit and storage of natural gas. Fluxys contests the legitimacy and legality of these decisions, which are likely to create instability and a lack of predictability that will ultimately prove harmful to the smooth operation of the market.

Fluxys has therefore decided to take legal action to have these decisions suspended and annulled. Pending a legal ruling, Fluxys is charging for its transmission and storage services using provisional tariffs decided by CREG on 19 December 2007, while transit services continue to be billed at the contractual tariffs applicable prior to the contested decisions.

The enforcement of CREG's decisions would not have had a significant impact on the consolidated accounts of the Fluxys Group for the first half of 2008 since any effects are felt primarily by Distrigas & C^o, which fell outside Fluxys' consolidation scope on 30 June 2008.

In the light of Fluxys' acquisition of Distrigas & C^o after the closing of the half-year accounts (see point 2 above), it should be noted that if, following the outcome of the legal action under way, the value of the transit business of Distrigas & C^o turns out to be lower than the contractual value paid, Fluxys has obtained a guarantee of compensation from SUEZ-Tractebel (which also stood guarantor for Publigas).

5. Outlook for 2008

The ongoing development of its business activities should enable the group to generate, save non-recurring elements, a profit for the year that is at least the same as last year's, save for any major unforeseeable contingencies.

The accounts for 2007 have not yet been approved by CREG; the latter's decisions are expected during the second half of the year.

6. Statutory Auditor's Report

We have conducted a limited review of the summary consolidated balance sheet, the summary consolidated income statement, the summary consolidated cash flow statement and the summary consolidated statement of changes in equity and selective notes 1 to 29 (jointly referred to hereafter as "half-yearly consolidated financial statements") of Fluxys SA (the "company") and its subsidiaries (jointly referred to as the "Group") for the half year ending 30 June 2008. The Board of Directors is responsible for drawing up the half-yearly consolidated financial statements. It is our duty to provide a report upon review of these half-yearly consolidated financial statements.

The half-yearly financial statements have been drawn up in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting* – as adopted by the European Union.

Our limited review was conducted in compliance with the recommendations concerning limited review of the Institute of Independent Auditors (*Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren*). A limited review consists mainly of discussing the half-yearly consolidated financial statements with management, analysing these statements and comparing them with the underlying financial data. This process is less detailed than that used in a full audit in accordance with the standards of the Institute of Independent Auditors applicable for the certification of consolidated results. In this regard, we are unable to certify the half-yearly consolidated financial statements.

Our limited review did not reveal any facts or indications that would lead us to believe that the half-yearly consolidated financial statements for the period ending 30 June 2008 have not been compiled in accordance with IAS 34 – *Interim Financial Reporting* – as adopted by the European Union.

The Statutory Auditor

DELOITTE Reviseurs d'Entreprises

SC s.f.d. SCRL

Represented by Jurgen Kesselaers

7. Declaration regarding the First Half Year 2008 closed on 30 June 2008

We hereby declare that to the best of our knowledge:

- the half-yearly consolidated financial statements of Fluxys, established in accordance with the applicable accounting standards, give a true and fair view of the assets, financial position and results of the company as a whole and of the entities included in the consolidation;
- the interim report gives an accurate account of the main events taking place during the first half of 2008 and of the main risks and uncertainties faced by the Group.

Brussels, 27 August 2008

Michel Vermout
Member of the Executive Board
Chief Financial Officer

Sophie Dutordoir
Chairman of the Executive Board
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Other languages: this press release is also available in Dutch and French on the Fluxys website: www.fluxys.com.