



Semi-annual report 2012

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Semi-Annual Report 2012

N.V. Nederlandse Gasunie

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Foreword

With this report, we look back on a strong first half year for Gasunie. We endeavour to operate as efficiently as possible. This is why, in January 2012, we switched to a new organisational structure with three business units which are each responsible for their own results. The Executive Board has been reduced from four to three directors. In addition to the changes to the organisation we launched our Efficiency Master Plan in 2011. Together with the new organisational structure, this will ensure tighter cost management, while continuing to guarantee the reliability of our activities and projects. Our efforts to improve transparency and efficiency in the company are bearing fruit: a robust financial result for the first half of 2012.

The personal safety of our employees and the broader community takes centre-stage in our operations. Our performances in the safety field have improved substantially but we need to continue to work hard on safe working practices and safety-aware behaviour throughout the year.

This year started cold. In fact the country was even captivated by a new Elfstedentocht (skating marathon on in Friesland). The cold period was reflected in our transport figures. Never before in this century have we in the Netherlands transported as much gas in a single day as we did on Tuesday, 7 February 2012, i.e. 545 million m³ (over 5 billion kWh). That is the third highest volume of all time. Our employees worked hard to ensure that the gas flowed without problems. The Gas Act provides that Gasunie must be able to supply gas in the Netherlands down to an effective daily temperature of -17 °C. Our infrastructure, including the new expansions, operated flat-out and came out of this "elfsteden test" with flying colours. We are aware that Gasunie plays a principal role in keeping Dutch consumers warm and keeping the Dutch economy working. Through extra gas transport to, for instance, southern Germany, we also helped to keep up electricity generation in Germany.

Partly thanks to our network and projects such as BBL (Balgzand Bacton Line), the North-South Route, the Zuidwending natural gas buffer and the LNG Gate terminal, the Dutch gas market became more attractive to international traders. The spectacular growth of the Dutch gas trading exchange, the TTF (Title Transfer Facility), where demand and supply of gas come together, is proof of that. The TTF has grown rapidly to become a favourite trading exchange in continental Europe among gas trading companies. The number of active traders on the TTF increased again in the first half of 2012. The increase in demand and supply has had a positive effect on the gas price and therefore on the price that end-users have to pay for their gas. In that sense the Dutch government's gas roundabout strategy can be said to be successful, despite criticisms of it in the recent report of the Court of Audit. Gasunie's projects have been a boost to the Dutch economy since 2008: they have further improved security of supply and market operations as well as creating extra jobs.

Gasunie stands for "Crossing Borders in Energy". Our Dutch and German gas transmission companies, Gas Transport Services B.V. (GTS) and Gasunie Deutschland Transport Services GmbH (GUD), are also working in an innovative way. They have, for instance, launched a new joint auction service, which is designed to attract more trade and thus increase competition in the north-west European gas market. It is the first time such a service has been offered in Europe and it strengthens the connection between the gas trading hubs TTF in the Netherlands and GASPOOL in Germany. The auction has got off to a successful start. In April, GTS and GUD, together with fourteen other major European network operators, signed a letter of intent for the auctioning of bundled transport capacity between the gas transmission networks of five European countries. This is an important step toward the further unification of the European gas market. In line with these

same aims, in the second half of this year Gasunie and the Belgian company Fluxys plan to look at how to expand the mutual cooperation further.

The availability of well developed gas transmission networks in Europe is an important condition for further growth in supply from renewable sources of energy. This supply is not always stable. After all the sun does not shine and the wind does not blow all the time. Natural gas can keep the energy supply stable by ironing out peaks and falls in energy demand. Cross-border cooperation is also vital to efforts to achieve a sustainable energy mix. So we are working with Energinet.dk (Denmark) and Fluxys Belgium to make the gas supply through our joint networks 100% CO₂ free by 2050. In this way we aim to bring the transition to a sustainable energy supply closer at the lowest possible cost for EU citizens and without jeopardising energy security in the EU.

There is still some uncertainty about the regulatory framework in the Netherlands. There are appeal procedures before the Trade and Industry Appeals Tribunal (CBb) against the 2006-2013 Method Decisions laid down by the regulator, the Dutch Competition Authority (NMa). The decision of the CBb is expected in the fourth quarter of 2012.

We will proceed further with our programme to safeguard the reliability of our network in the Netherlands in the second half of 2012. Over the coming years we will replace outdated assets on a preventative basis. New inspection and maintenance methods will be used to take decisions on what to replace. We will also take further measures to change our organisation. The most important issues behind the changes are transparency, cost-consciousness and market conformity.

Gasunie believes in a sustainable energy future in which an important role is reserved for natural gas. Over the coming years we will see an increase in new gas applications, such as green gas and the use of liquefied natural gas as fuel for heavy transport on the roads and on the water (small-scale LNG). Gasunie is also actively working to help these new applications to grow en route towards a sustainable and affordable energy mix.

P.C. van Gelder MSc

Chairman of the Executive Board and CEO
N.V. Nederlandse Gasunie

Semi-annual report

Key financial data

Key Figures

| <i>In millions of euros</i> | First half of 2012 | First half of 2011 |
|-------------------------------|-------------------------------|-------------------------------|
| Income | 808 | 847 |
| Total expenses | (402) | (379) |
| Operating business result | 406 | 468 |
| Impairments | - | (900) |
| Operating result | 406 | (432) |
| Financial income and expenses | (85) | (73) |
| Result before taxation | 321 | (505) |
| Taxes | (75) | (43) |
| Result after taxation | 246 | (548) |

Income

Sold capacity for gas transport in the first half of 2012 was higher than in the same period in 2011. Turnover generated was approximately 39 million euros less than in 2011. This was due to a change in the tariffs under the Method Decisions for GTS laid down by the NMa at the end of 2011. The main component of this is the repayment tariff settlement, as a result of which turnover in the first half of the year is approximately 113 million euros lower. These effects were partly compensated for by the fact that Gate terminal was successfully put into operation at the end of 2011 and by the receipt of a non-recurrent payment by Gasunie Deutschland.

Operating business result

The operating business result fell by approximately 62 million euros. The decrease in income was, however, offset by the fact that costs did not increase. This was mainly due to the Efficiency Master Plan that we launched at the end of 2011. The Efficiency Master Plan is a cost-saving programme by which we plan to reduce operating costs by 15% over a three-year period. Costs remained stable despite approximately 10 million euros total costs associated with the Gate terminal that became operational at the end of 2011. Capitalised expenditure decreased by approximately 10 million euros. Furthermore, depreciation and amortisation rose by around 9 million euros as a consequence of the recent expansions.

Normalised figures

| <i>In millions of euros</i> | First half of 2012 | First half of 2011 |
|-----------------------------|-------------------------------|-------------------------------|
| Income | 896 | 813 |
| Total expenses | (398) | (374) |
| Operating result | 498 | 439 |

The operating result in this financial summary has been normalised for the effects of the new Method Decisions (first half of 2012: approx. 113 million euros; first half of 2011: approx. 34 million euros), non-recurring items and impairments.

The normalised operating result in the first half of 2012 is approximately 59 million euros higher than in 2011. The main reasons for this are the higher gas transport capacity sold, the Gate terminal contribution to the result and the first effects of the Efficiency Master Plan.

Outlook

Based on current information, the company expects for the full year 2012 a turnover of approximately 1,5 billion euros and a strong result after taxation. It should be noted in this context that net profit for the second half year will be less than the profit for the first half year, because income and costs are not normally distributed evenly over the year.

Funding

No long-term loans were raised in the first half of 2012. To keep the option to issue long-term bonds on the capital market under the Medium Term Notes (MTN) programme in the future, the MTN programme was recently updated and expanded by 2,5 billion euros to 7,5 billion euros. This programme consists of a number of documents with general conditions under which the bonds are issued, including a prospectus approved by the Netherlands Authority for the Financial Markets. By setting the conditions under which we can issue long-term loans in advance as far as possible, the time-to-market is reduced. Investors and banks can then concentrate on the specific lending conditions of a specific issue.

An analysis was performed in the first half of 2012 into the partial early repayment and refinancing of the long-term bonds running to a total of 1,4 billion euros which mature in 2013. This led to the successful issue at the beginning of July of a 500 million euro long-term bond with a coupon of 2,625% and a 10-year term. The financial market showed a great deal of interest in this loan. A sum of 284,2 million euros, part of the proceeds of this loan, was used to purchase outstanding bonds which mature in 2013. These transactions further improved the liquidity position of Gasunie.

Credit Ratings

The rating agencies Standard & Poors and Moody's did not change Gasunie's credit ratings in the first half of 2012. Gasunie's credit rating with Standard & Poors is AA- with a negative outlook and with Moody's A2 with a stable outlook.

Changes on the boards

Changes took place in both the Executive Board and the Supervisory Board. Mr H.A.T. Chin Sue retired as CFO and stood down from the Executive Board on 1 July. The procedure for recruiting his successor is under way. Mr K. Niemeijer, Head of Corporate Finance at Gasunie is fulfilling the role temporarily until a new CFO is appointed.

Mr C. Griffioen stood down from the Supervisory Board on 1 May. Mr R. de Jong was appointed as his successor on 16 May. The role of vice chairman has been taken over by Mr H.L.J. Noy. Ms J. Poots-Bijl succeeded Mr Griffioen as chair of the Audit Committee on 1 July.

Risk management

Our business activities do involve risks. These risks arise due to changes in circumstances within and outside the company. We aim to manage these risks as well as possible. Our risk profile has not changed appreciably from that presented in the 2011 annual report. For the sake of completeness, we refer to the Risk Management section in our 2011 annual report.

Gas Transport Services segment

Prices and rates

The regulatory framework in the Netherlands is laid down by the NMa in what are known as Method Decisions. On 11 October 2011, the NMa laid down the Method Decisions for GTS for the periods 2006-2013. Two organisations representing major industrial consumers and large energy companies have appealed to the CBb against these Method Decisions, as has GTS. This appeal will be heard in September 2012.

Meanwhile the NMa has started to prepare the Method Decisions for 2014-2017. The NMa has indicated that it hopes to take a draft decision in March 2013. The final decision is expected to follow in August 2013. Once again the NMa has engaged in extensive public consultations in preparing its decision. GTS takes an active part in this.

Balancing

GTS has conducted an evaluation of its users' experiences with the balancing regime introduced in 2011, which enables customers to make an active contribution to keeping demand and supply in the network in balance on a daily basis. The evaluation report is available on the GTS website. This shows that the system works well and that it even worked well during the cold period at the beginning of February 2012. The market-based character of the system is much appreciated. GTS continues to work on the points for improvement. In addition, GTS plans to enable trade that takes place on the same day, the "within-day market", on the TTF.

Open Season 2017

The fourth Open Season started at the end of 2011. With an Open Season GTS asks its customers to make their long-term transport capacity needs known. This allows GTS to test whether these needs would justify extending the national gas network. Its purpose is to find the most efficient way to ensure that there is always sufficient transmission capacity available for customers when it is required. New in the most recent Open Season 2017 is the option for market parties to offer capacity that they previously contracted through GTS again (secondary capacity). Given the fact

that a number of parties have offered capacity in this Open Season, GTS acknowledges that there is a good basis for further growth in the trade in secondary capacity.

From the results of this Open Season 2017, it appears that demand for gas transport remains stable. There is also demand for transport capacity with shorter terms, such as annual contracts. Customers have indicated that they are reluctant to enter into contracts of ten years or longer in these economic times. Ten years is the minimum term for a booking in the Open Season. This term is necessary to allow GTS to take sensible investment decisions. The identified demand from the 2017 Open Seasons can largely be covered by secondary capacity offered by other participants in the Open Season. This enables GTS to meet customer demand based on the existing infrastructure.

TTF

The Dutch gas trading exchange, the TTF, has grown over the past five years to become the most liquid gas hub in continental Europe. More than 14 times the gas consumption of the Netherlands is currently traded on the TTF. The number of active TTF shippers increased further in the first half of 2012. On average during that period, 96 shippers were active every day with a maximum of 99 shippers. In addition, both the traded volume and the net volume grew (by approximately 5% and 10% per quarter respectively). The gas prices on the TTF have become important reference prices in Europe.

Gasunie Deutschland segment

Regulation

The German energy regulator, the Bundesnetzagentur (BNetzA), has made a start on setting the new level of costs for Gasunie Deutschland. The BNetzA will again set a benchmark for determining the efficiency of Gasunie Deutschland. The BNetzA is basing this review on the 2010 cost level. The review is intended to re-set the maximum permitted turnover of Gasunie Deutschland for the period 2013-2017. The decision on this is expected in the fourth quarter of 2012.

Developments in market areas

The network operators of the two remaining market areas in Germany in which Gasunie also participates, i.e. the southern area called Net Connect Germany (NCG) and the northern area called GASPOOL, are investigating whether a merger of these two market areas is possible. This analysis is compulsory and is based on the current regulations for access to the grid. The result of the analysis must be delivered to the BNetzA before 1 October 2012. Any measures which arise from this must be introduced before 1 August 2013.

Netzentwicklungsplan

On 1 April the German network operators submitted the Netzentwicklungsplan (NEP) to the BNetzA. This plan contains a summary of possible future projects for expanding the network. Various scenarios and situations involving a shortage of capacity are taken into consideration. It also takes into account new technologies such as power-to-gas. Following the submission of the NEP, the BNetzA has meanwhile embarked on a consultation phase which will last until September 2012.

Power-to-gas

Gasunie and Greenpeace Energy have decided to cooperate in the area of 'power-to-gas'. With this innovative technology Greenpeace produces hydrogen gas from sustainable wind energy that can then be fed into the Gasunie gas infrastructure in northern Germany. This allows surplus power from wind to be stored for later use and prevents overloading of electricity grids. The addition of

this gas produced from wind ('wind gas') makes the whole energy supply more sustainable.

GTS and Gasunie Deutschland cross-border activities

Pilot day ahead auctions on Oude Statenzijl

On 22 May the Dutch company GTS and Gasunie Deutschland started a pilot for auctioning bundled day ahead capacity. That means that capacity on an exit point of GTS and an entry point of Gasunie Deutschland and vice versa is offered as a single product on the connection point for high calorific gas at Oude Statenzijl. Every day approximately 50,000 m³/h entry and exit capacity is offered for auction on the German platform for primary capacity TRAC-X. The results are very positive, bundled capacity has been sold almost every day since the start of the pilot. The day ahead prices on TTF and GASPOOL invite traders to 'play' (arbitrate). Thanks to this new auction pilot, that is now possible. This also encourages trade on the TTF.

International Platform

The auction referred to above functions as a pilot for the introduction of the full European network codes for capacity allocation mechanisms (CAM) and congestion management procedures (CMP). GTS aims to complete the first phase of this project by 1 April 2013. With that aim in mind it has sought contact with the TSOs from Belgium, France, Germany and Denmark. Together they have decided that the German TRAC-X platform will serve as the basis for an international platform for auctioning cross-border capacity. To that end a new company will soon be set up with a more international character. The most important principles for this new company have been set out in a letter of intent, that was jointly signed by the 16 TSOs on 18 April.

Participations & Business Development segment

Gasunie's Dutch participations make an important contribution to the security of the natural gas supply in the Netherlands. By being connected to the global stocks of natural gas the Netherlands attract gas streams for own consumption and for the rest of Western Europe.

Nord Stream

Nord Stream is the pipeline that runs under the Baltic Sea from Russia (Vyborg) to northern Germany (Lubmin). Nord Stream will be connected to the Gasunie transport network via the Nordeuropäische Erdgasleitung (NEL), which is currently under construction. This will give north-west Europe a direct connection to Russian natural gas stocks.

Commercial transport of gas through the first Nord Stream pipeline started on 1 November 2011. Completion of the second Nord Stream pipeline is planned for the end of 2012. A feasibility study is currently looking at the possibility of third and fourth pipelines.

Zuidwending gas storage

Gasunie Zuidwending has been able to launch extra products onto the market as a result of optimising its business operations. Despite the temporary surplus of gas storage capacity, Gasunie Zuidwending has managed to generate additional income by responding quickly to the short-term favourable market conditions (elfsteden cold) of February 2012.

Gate terminal

In the same cold period at the beginning of this year, Gate terminal, the terminal for liquefied natural gas (LNG) on the Maasvlakte, played an active role in supplying energy. This was followed

by a relatively quiet period. The LNG market is a global market and is therefore subject to the dynamics of developments around the energy supply.

Gasunie LNG Holding B.V. (a 100% subsidiary of Gasunie) expanded its interest in Gate terminal C.V. from 42,5% to 45% on 30 June 2012 by buying shares from one of the other shareholders.

Small Scale LNG

Following on from the activities in Gate terminal, Gasunie is also investigating the opportunities offered by small-scale LNG and Bio LNG. With small-scale LNG, the LNG is not gasified but leaves the terminal in liquid form and in small volumes. This LNG can be used directly for industrial purposes, fed into small isolated gas grids, or as fuel for shipping and heavy road transport. This can reduce emissions of CO₂ and particulates considerably.

The Green Deal for Small Scale LNG was signed between the government and the industry in mid-June. This provides further details on the legal and financial frameworks that are necessary to allow use of LNG as fuel for transport. Gasunie is pleased to note that the government supports the developments in the field of LNG and has committed itself to having all the statutory frameworks ready on time.

Green gas

Green gas can still boast increasing demand. Volumes are growing slowly but steadily. The Green Gas Netherlands Foundation was founded last year and that has now been joined by the Gas Innovation Contract (an initiative of the Ministry of Economic Affairs, Agriculture and Innovation), which also places a lot of emphasis on green gas. Gasunie is also actively working to help new applications to grow en route towards a sustainable and affordable energy mix.

Statement of the Executive Board

Statement of the Executive Board (as defined by Section 5:25d, paragraph 2, subparagraph c, of the Dutch Financial Supervision Act, 'Wft')

The members of the Executive Board hereby declare that, to the extent of their knowledge, that

1. the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and profit of the company and its consolidated entities; and
2. the semi-annual report gives a true and fair view of material events that occurred in the first six months of the year and the impact of such events on the semi-annual financial statements, and provides a description of the principal risks and uncertainties faced in the remaining six months of the reporting period.

P.C. van Gelder, Chairman
G.H. Graaf

Groningen, the Netherlands
25 July 2012

Consolidated semi-annual financial statements

Condensed consolidated balance sheet (before profit appropriation)

| <i>In millions of euros</i> | Notes | 30 June 2012 | 31 December 2011 |
|---------------------------------|--------------|-------------------------|-----------------------------|
| Assets | | | |
| Fixed assets | | | |
| - tangible fixed assets | | 8,807.7 | 8,694.1 |
| - intangible fixed assets | | 6.8 | 7.7 |
| - investments in associates | | 142.4 | 129.2 |
| - other equity interests | | 263.7 | 252.6 |
| - deferred tax assets | | 507.7 | 546.2 |
| Total fixed assets | | 9,728.3 | 9,629.8 |
| Total current assets | | 368.3 | 479.5 |
| Total assets | | 10,096.6 | 10,109.3 |
| Equity and liabilities | | | |
| Total shareholder's equity | | 4,617.1 | 4,437.3 |
| Long-term liabilities | | | |
| - interest-bearing loans | 3 | 4,466.4 | 4,454.6 |
| - employee benefits | 4 | 240.2 | 166.2 |
| - other long-term liabilities | | 380.4 | 365.4 |
| Total long-term liabilities | | 5,087.0 | 4,986.2 |
| Current liabilities | | | |
| - current financing liabilities | | 40.0 | 318.6 |
| - trade and other payables | | 352.5 | 367.2 |
| Total current liabilities | | 392.5 | 685.8 |
| Total equity and liabilities | | 10,096.6 | 10,109.3 |

Condensed consolidated profit and loss account

| <i>In millions of euros</i> | Notes | First half of 2012 | First half of 2011 |
|--|-------|-----------------------|-----------------------|
| Continuing operations | | | |
| Gross income | | 920.2 | 846.6 |
| Repayment tariff settlement | 5 | (112.7) | - |
| Net income | | 807.5 | 846.6 |
| Capitalised expenditure | | 40.0 | 51.3 |
| Staff costs and other operating expenses | | (310.2) | (307.8) |
| Depreciation and amortisation | | (131.5) | (122.4) |
| Goodwill impairments | 1 | - | (679.4) |
| Gas transport network impairments | 1 | - | (220.6) |
| Total expenses | | (401.7) | (1,278.9) |
| Operating result | | 405.8 | (432.3) |
| Finance revenue and costs | | (98.4) | (85.6) |
| Share in result of associates | | 13.1 | 12.7 |
| Result before taxation | | 320.5 | (505.2) |
| Taxes | 6 | (74.5) | (42.6) |
| Result after taxation | | 246.0 | (547.8) |
| Discontinued operations | | | |
| Result on discontinued operations after taxation | | - | - |
| Result for the period | | 246.0 | (547.8) |
| Result attributable to shareholder | | 246.0 | (547.8) |

Consolidated statement of comprehensive income

| <i>In millions of euros</i> | Notes | Cash flow hedge reserve | Fair value reserve | Other reserves | Unappro- priated result | Total |
|--|-------|-------------------------------|--------------------------|-------------------|-------------------------------|----------------|
| First half of 2012 | | | | | | |
| Total of results taken to the profit and loss account (result for the period) | | - | - | - | 246.0 | 246.0 |
| Movement in cash flow hedge reserve, of which corporate income tax | | (10.5) 2.6 | - - | - - | - - | (10.5) 2.6 |
| Balance of actuarial gains and losses on employee benefits, of which corporate income tax | 4 | - - | - - | (78.0) 19.7 | - - | (78.0) 19.7 |
| Total of results taken to equity | | (7.9) | - | (58.3) | - | (66.2) |
| Total of comprehensive income | | (7.9) | - | (58.3) | 246.0 | 179.8 |
| First half of 2011 | | | | | | |
| Total of results taken to the profit and loss account (result for the period) | | - | - | - | (547.8) | (547.8) |
| Movement in cash flow hedge reserve, of which corporate income tax | | 6.3 (1.6) | - - | - - | - - | 6.3 (1.6) |
| Other movements | | - | - | (0.1) | - | (0.1) |
| Total of results taken to equity | | 4.7 | - | (0.1) | - | 4.6 |
| Total of comprehensive income | | 4.7 | - | (0.1) | (547.8) | (543.2) |

The total of comprehensive income for the first half of 2012 and 2011 is fully attributable to the shareholder.

Consolidated statement of movements in equity

| <i>In millions of euros</i> | Share capital | Cash flow hedge reserve | Fair value reserve | Other reserves | Unappropriated result | Total |
|--|----------------------|--------------------------------|---------------------------|-----------------------|------------------------------|----------------|
| First half of 2012 | | | | | | |
| Balance as at 1 January 2012 | 0.2 | (37.5) | 37.8 | 5,038.8 | (602.0) | 4,437.3 |
| Total of comprehensive income for the period | - | (7.9) | - | (58.3) | 246.0 | 179.8 |
| Withdrawn from other reserves | - | - | - | (602.0) | 602.0 | - |
| Balance as at 30 June 2012 | 0.2 | (45.4) | 37.8 | 4,378.5 | 246.0 | 4,617.1 |
| First half of 2011 | | | | | | |
| Balance as at 1 January 2011 | 0.2 | (16.9) | - | 4,823.8 | 453.7 | 5,260.8 |
| Total of comprehensive income for the period | - | 4.7 | - | (0.1) | (547.8) | (543.2) |
| Dividend paid for 2010 | - | - | - | - | (181.5) | (181.5) |
| Added to other reserves | - | - | - | 272.2 | (272.2) | - |
| Balance as at 30 June 2011 | 0.2 | (12.2) | - | 5,095.9 | (547.8) | 4,536.1 |

Condensed consolidated cash flow statement

| <i>In millions of euros</i> | Notes | First half of 2012 | First half of 2011 |
|--|----------------|-------------------------------|-------------------------------|
| Cash flow from business operations | 604.5 | 642.7 | |
| Interest, corporate income tax and other | (38.9) | (150.4) | |
| Cash flow from operating activities | | 565.6 | 492.3 |
| Cash flow from investing activities | | (233.6) | (348.4) |
| New long-term loans | 3 0.9 | 38.4 | |
| Repayment of long-term loans | 3 (6.6) | - | |
| Movements in short-term financing | (279.5) | (119.3) | |
| Dividend paid | - | (181.5) | |
| Cash flow from financing activities | | (285.2) | (262.4) |
| Increase in cash and cash equivalents | | 46.8 | (118.5) |
| Cash and cash equivalents at previous year-end | 68.5 | 158.5 | |
| Cash and cash equivalents at end of period | 115.3 | 40.0 | |
| | | 46.8 | (118.5) |

Notes to the condensed consolidated financial statements

Nature of business operations

N.V. Nederlandse Gasunie (Gasunie) is a European gas infrastructure company. Gasunie's network ranks among Europe's largest high-pressure gas transport networks and consists of over 15,000 kilometres of pipelines in the Netherlands and Northern Germany, dozens of installations and approximately 1,300 gas-receiving stations. The gas network conveys around 100 billion cubic metres of natural gas a year. Gasunie serves the public interest in the markets where it operates and seeks to maximise value creation for its stakeholders. It is the first independent gas transport provider with a cross-border network in Europe. Gasunie provides gas transport services through its subsidiaries Gas Transport Services B.V. (GTS) in the Netherlands and Gasunie Deutschland Transport Services GmbH in Germany. The company also provides other gas infrastructure services, such as storage of gas and LNG, and certification of green gas through its subsidiary Vertogas. Gasunie seeks to deploy its infrastructure and knowledge for the ongoing development and integration of renewable energy sources, particularly green gas.

The company has its registered office in Groningen, the Netherlands, and is registered with the Chamber of Commerce under number 02029700.

All shares outstanding at the balance sheet date were held by the Dutch State.

Basis of preparation

On the grounds of Regulation (EC) No 1606/2002 of the European Parliament, the company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The following new standards and interpretations became effective and were endorsed for use in the European Union in the first half of 2012:

- IFRS 1, First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)
- IFRS 7, Financial Instruments - Enhanced Derecognition Disclosures Requirements (Amendment)

The adoption of the aforementioned standards and interpretations has no material effect on the equity or result of the company.

Statement of compliance

The semi-annual financial statements have been prepared in compliance with IFRS 'Interim Financial Reporting' (IAS 34), as adopted by the European Union and effective on 30 June 2012.

These semi-annual financial statements do not contain all the information and disclosures that are required to be included in financial statements and should be read in combination with the consolidated financial statements for 2011.

The semi-annual financial statements have not been audited, but have been reviewed by a qualified accountant.

Management judgements and estimates

In preparing the semi-annual financial statements, management makes judgements and estimates which affect the assets and liabilities presented as at the balance sheet date and the result for the reporting period. These judgements and estimates have a significant effect on the valuation of fixed assets, the provision for clearance costs and redevelopment, deferred taxation and pensions.

Notes

1. Impairment tests

General

Whenever there is reason to do so, the company investigates whether there is any impairment of tangible, intangible and financial fixed assets.

There is an impairment if the recoverable amount of an asset or group of assets is less than the carrying amount. The recoverable amount is determined on the basis of the indirect recoverable amount, which is calculated on the basis of future cash flows estimated by management. The cash flows are based on a recent long-range forecast. The total planning period runs up to and including 2062.

When carrying out an impairment test, management makes assumptions, including those regarding short and long-term developments in the regulatory framework, makes estimates of aspects such as future cash flows, and determines the discount rate. These assumptions, estimates and judgements significantly affect the indirect recoverable amount.

Impairment tests as at 30 June 2012

Gas transport network in the Netherlands

On 12 October 2011, the Dutch regulator (NMa) published two method decisions and x-factor decisions for each of the statutory duties (transport, balancing regime and quality conversion), one covering the period 2006-2009 and one covering the period 2010-2013. The related decisions on tariffs were adopted in December 2011.

A number of stakeholders as well as GTS have appealed against the new method decisions. The Dutch Trade and Industry Appeals Tribunal (CBb) is expected to issue its decision before the end of 2012. This situation does not materially differ from that at 31 December 2011. The company still does not expect that the appeal proceedings will have any adverse financial consequences.

Management has concluded that there is no reason to perform an analytical test of potential impairment losses on the gas transport network in the Netherlands.

Gas transport network in Germany

The Bundesnetzagentur, the German regulator, plans to take a decision in 2012 about the level of permitted income for the regulatory period 2013-2017 based on the expected permitted costs for the period, net of an individual efficiency factor as appropriate.

The Bundesnetzagentur sent a draft letter outlining its findings on the issue to Gasunie Deutschland on 6 June 2012. Gasunie Deutschland wrote a reply to this letter at the end of June and elaborated on its position in mid-July. The Bundesnetzagentur is expected to take a final decision on the level of permitted costs in the third quarter of 2012. This decision will be followed by a benchmark that will serve as a basis for the individual efficiency factor.

The final decisions will be open to appeal.

Based on the information that was available when the semi-annual financial statements for 2012 were being prepared, management does not expect the permitted income for the regulatory period 2013-2017 to differ materially from earlier forecasts.

Management has concluded that there is no reason to perform an analytical test of potential impairment losses on the gas transport network in Germany.

Impairment tests in 2011

What follows is a summary of impairment tests on the gas transport network in the Netherlands and goodwill as at 30 June 2011, and on the gas transport network in Germany as at 31 December 2011.

Gas transport network in the Netherlands and goodwill (as at 30 June 2011)

In June 2010, the CBb annulled the method decisions for the period 2009-2012 established by the NMa for GTS in December 2008. Furthermore the CBb ruled that the NMa incorrectly omitted to establish a regulatory method for the period 2006-2008.

On 17 May 2011, the NMa published two draft method decisions for each of the statutory duties (transport, balancing regime and quality conversion), one covering the period 2006-2009 and one covering the period 2010-2013.

The company formally lodged its objections to the draft method decisions with the NMa. The objections have been published on the NMa website under 'Zienswijze' (in Dutch).

Based on the information that was available when the semi-annual financial statements for 2011 were being prepared and taking account of the major uncertainties, management concluded that impairment losses on the Dutch gas transport network and on goodwill should be recognised of € 220.6 million and € 679.4 million, respectively, as at 30 June 2011, making up € 900.0 million in total.

Gas transport network in Germany (as at 31 December 2011)

As a result of external indicators (i.e., information that has become available on aspects such as expected future developments in the regulatory model and a downward adjustment of the permitted return on investments), analytical tests were performed to determine any possible impairments on the gas transport network in Germany as at 31 December 2011.

Based on the information that was available when the financial statements for 2011 were being prepared and taking account of the major uncertainties, management concluded that impairment losses of € 400.0 million should be recognised on the gas transport network in Germany as at 31 December 2011, consisting of impairment losses of € 327.3 million on tangible fixed assets and € 72.7 million on financial fixed assets.

2. Treatment of acquisitions

In the first half of 2012, Gasunie LNG Holding B.V. increased its 42.5% interest in Gate terminal C.V. by 2.5% to 45%. The associated interest in Gate terminal B.V. increased accordingly from 42.5% to 45%. The acquisition price was € 10.2 million.

3. Interest-bearing loans

The total amount of € 4,466.4 million (year-end 2011: € 4,454.6 million) of long-term loans comprises € 3,650.0 million (year-end 2011: € 3,650.0 million) of long-term bonds and € 816.4 million (year-end 2011: € 804.6 million) of private loans.

Movements in interest-bearing loans:

| <i>In millions of euros</i> | 2012 | 2011 |
|---|----------------|-------------|
| Balance as at 1 January | 4,454.6 | 3,896.7 |
| Issued bond loans | - | 500.0 |
| Private loans contracted *) | 0.9 | 71.0 |
| Increase in private loans due to expansion of equity interest | 17.6 | - |
| Repayment commitments in next financial year | (6.7) | (13.1) |
| Balance as at 30 June/31 December | 4,466.4 | 4,454.6 |

*) *These loans were contracted by Gate terminal B.V. in the form of long-term facilities and are consolidated proportionally. These facilities are drawn in phases.*

Future repayments:

| <i>In millions of euros</i> | First half of 2012 | 2011 |
|--------------------------------|-------------------------------|-------------|
| Repayment commitment in | | |
| 2012 | 7.0 | 13.1 |
| 2013 | 1,414.3 | 1,413.5 |
| 2014 | 15.5 | 14.6 |
| 2015 | 16.4 | 15.5 |
| 2016 | 716.4 | 715.5 |
| After 2016 | 2,314.8 | 2,300.1 |
| Total repayment commitments | 4,484.4 | 4,472.3 |

The company has a Medium Term Note (MTN) programme worth € 7.5 billion (year-end 2011: € 5 billion). As at 30 June 2012, an amount of € 3.85 billion was available for new issues under the MTN programme (year-end 2011: € 1.35 billion).

In addition, Gasunie has credit facilities for temporary financing totalling € 910 million (year-end 2011: € 915 million) and a Commercial Paper programme amounting to € 750 million (year-end 2011: € 750 million). No funds were drawn under these facilities as at 30 June 2012 and year-end 2011. Of these credit facilities, which have been committed, € 800 million will mature in 2015. The variable interest payable on the credit facilities is based on standard market terms and conditions.

If the Dutch State ceases to hold all of N.V. Nederlandse Gasunie's shares, the interest rates of the four € 125 million loans from the European Investment Bank will be adjusted to reflect the lender's credit risk policy.

N.V. Nederlandse Gasunie has not provided any collateral for the interest-bearing loans and credit facilities.

4. Employee benefits

The pension liabilities are valued annually in the second half of the year in accordance with IAS 19, 'Employee Benefits'. An indicative calculation of the pension liabilities was made as at the balance sheet date, taking into account currently available data. The difference between the outcome of this indicative calculation and that of the calculation that was made when the financial statements for 2011 were being prepared is considered material in terms of the company's shareholder's equity. As a result, unlike in previous years, the pension liabilities were remeasured as at 30 June 2012.

| <i>In millions of euros</i> | 30 Jun. 2012 | 31 Dec. 2011 |
|---|---------------------|---------------------|
| A. Pension liabilities, the Netherlands | 172.6 | 106.1 |
| B. Pension liabilities, Gasunie Deutschland | 56.5 | 49.0 |
| Total | 229.1 | 155.1 |

Except for the discount rate, the assumptions underlying the calculation of the pension liabilities did not change compared to the Annual Report 2011. The discount rate changed from 3.9% to 3.4%.

A. Provision for pension liabilities, the Netherlands

The provision for pension liabilities for employees in the Netherlands can be broken down as follows:

| <i>In millions of euros</i> | 30 Jun. 2012 | 31 Dec. 2011 |
|---------------------------------------|---------------------|---------------------|
| Present value of pension entitlements | 1,174.6 | 1,064.4 |
| Plan assets | (1,002.0) | (958.3) |
| Pension provision | 172.6 | 106.1 |

The actuarial results taken directly to equity are as follows:

| <i>In millions of euros</i> | First half of 2012 | 2011 |
|--|-------------------------------|-------------|
| Actuarial result on pension entitlements | (97.3) | (87.7) |
| Actuarial result on plan assets | 24.8 | 13.6 |
| Total actuarial result | (72.5) | (74.1) |

The actuarial result for the first half of 2012 was caused by the lower discount rate on the one hand and the higher than expected return on plan assets on the other.

The actuarial result for 2011 was largely influenced by the lower discount rate on the one hand, and experience adjustments to the pension liabilities and the higher than expected return on plan assets on the other.

The accumulated actuarial result totals € 400.2 million negative as at 30 June 2012 (year-end 2011: € 327.7 million negative).

A start has been made with the process of setting up a new pension scheme.

B. Provision for pension liabilities, Gasunie Deutschland

The provision for pension liabilities for employees in Germany concerns the present value of the pension entitlements as at 30 June 2012 of € 56.5 million (year-end 2011: € 49.0 million).

The actuarial result for the first half of 2012 taken directly to equity was € 5.5 million negative (2011: € 2.4 million negative).

The accumulated actuarial result taken directly to equity totals € 16.9 million negative as at 30 June 2012 (year-end 2011: € 11.4 million negative).

5. Repayment tariff settlement

On 11 October 2011, the NMa adopted new method decisions for the periods 2006-2009 and 2010-2013. These decisions established lower tariffs for the period 2006-2011 than those charged by N.V. Nederlandse Gasunie in the corresponding period in line with previous method decisions. N.V. Nederlandse Gasunie is required to refund the difference to its customers by reducing the transport tariffs in 2012 and 2013. The effect of the tariff reduction on income for the first half of 2012 has been disclosed separately in the profit and loss account.

6. Taxes

The effective tax rate for the first half of 2012 was 23.2%. The result before taxation for the first half of 2011 includes the goodwill impairment of € 679 million, which is not tax-deductible. Excluding this item, the effective tax rate for the first half of 2011 was 24.5%.

7. Financial information by segment

The information is segmented in line with the group's activities. The operating segments reflect the management structure of the group. The following segments have been distinguished:

- *Gas Transport Services*
This segment covers network management in the Netherlands and is responsible for managing transport, developing the pipeline network and related plants, as well as promoting market forces.
- *Gasunie Deutschland*
This segment covers network management in Germany and is responsible for managing transport, developing the pipeline network and related plants, as well as promoting market forces.
- *Participations & Business Development*
This segment focuses on facilitating access to new gas flows for northwest Europe using an LNG connection and long-distance pipelines, and on utilising the geological infrastructure for the purpose of storing natural gas. Participation in national and international projects relating to the natural gas infrastructure in the Netherlands and Germany is another activity of this segment. This segment also includes joint ventures relating to pipelines that connect the Gasunie transport network to foreign markets, such as the BBL pipeline to the United Kingdom.

In accordance with internal management reporting, since 1 January 2012 three segments are reported. The Gas Transport Services and Gasunie Deutschland segments used to form the single segment Regulated Network Management in the Netherlands and Germany (TSO). The Participations & Development (Non-TSO) segment was renamed Participations & Business Development.

In addition, the item 'share in result of associates' was reclassified from 'segment result' to 'finance revenue and costs' in the internal management reports, in order to match the 'operating result'.

The comparative figures for the first half of 2011 have been restated accordingly.

| <i>In millions of euros</i> | Income | | Segment result | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | First half of 2012 | First half of 2011 | First half of 2012 | First half of 2011 |
| Segments | | | | |
| - Gas Transport Services | 568.6 | 675.9 | 254.2 | 159.9 |
| - Gasunie Deutschland | 134.0 | 100.5 | 65.6 | 24.4 |
| - Participations & Business Development | 134.7 | 99.3 | 86.0 | 62.8 |
| Inter-segment | (29.8) | (29.1) | | |
| Segment total | 807.5 | 846.6 | 405.8 | 247.1 |
| Unallocated costs | | | - | (679.4) |
| Finance revenue and costs | | | (85.3) | (72.9) |
| Result before taxation | | | 320.5 | (505.2) |
| Taxes | | | (74.5) | (42.6) |
| Income and result after taxation for the period | 807.5 | 846.6 | 246.0 | (547.8) |

During the first half of 2012, the Gas Transport Services segment provided € 0.8 million (first half of 2011: € 0.4 million), the Gasunie Deutschland segment provided € 0.7 million (first half of 2011: € 0.2 million) and the Participations & Business Development segment provided € 28,3 million (first half of 2011: € 28.5 million) worth of inter-segment services.

The 'unallocated costs' of € 679.4 million for the first half of 2011 relate to the goodwill impairment, which was allocated to the former Regulated Network Management in the Netherlands and Germany (TSO) segment in 2011. Retrospective allocation of this amount to the new Gas Transport Services and Gasunie Deutschland segments in the semi-annual financial statements for 2012 is arbitrary and therefore omitted.

| <i>In millions of euros</i> | Assets | |
|---|---------------------|---------------------|
| | 30 Jun. 2012 | 31 Dec. 2011 |
| Segments | | |
| - Gas Transport Services | 6,639.2 | 6,565.7 |
| - Gasunie Deutschland | 1,016.5 | 987.4 |
| - Participations & Business Development | 1,564.9 | 1,530.5 |
| Segment total | 9,220.6 | 9,083.6 |
| Unallocated assets | 876.0 | 1,025.7 |
| Total consolidated assets | 10,096.6 | 10,109.3 |

The allocated assets comprise the tangible and intangible fixed assets, the investments in associates and the other equity interests.

8. Events after the balance sheet date

In July 2012, Gasunie made an early repayment of € 284.2 million on long-term bonds with a nominal value of € 1.4 billion in total, an effective interest rate of 6.000% and falling due at the end of October 2013. Gasunie also issued a new long-term bond loan, see table below:

| Principal amount in millions of euros | Term | Effective interest rate | Interest review date |
|--|-------------|--------------------------------|-----------------------------|
| 500.0 | 2012-2022 | 2.625% | not applicable |

The reason for the early repayment and the issue of the new long-term bond loan was to mitigate the refinancing risk of 2013. The early repayment was above nominal value. The € 20.1 million difference between the exercise price and the nominal value will be recognised as 'interest expenses' in the second half of 2012.

The Executive Board,

P.C. van Gelder, Chairman

G.H. Graaf

Groningen, the Netherlands

25 July 2012

Review report

To: N.V. Nederlandse Gasunie, Groningen, the Netherlands

Introduction

We have reviewed the accompanying consolidated semi-annual financial statements of N.V. Nederlandse Gasunie, Groningen, the Netherlands, which comprise the condensed consolidated balance sheet as at 30 June 2012, the condensed consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the condensed consolidated cash flow statement for the period 1 January 2012 to 30 June 2012, as well as the notes. The Executive Board of the company is responsible for the preparation and presentation of these consolidated semi-annual financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated semi-annual financial statements based on our review.

Scope

We conducted our review of the consolidated semi-annual financial statements in accordance with Dutch law including Standard 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 conducted in accordance with Dutch auditing standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated semi-annual financial statements for the period 1 January 2012 to 30 June 2012 are not prepared, in all material aspects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Groningen, the Netherlands

25 July 2012

Ernst & Young Accountants LLP

Signed by

A.E. Wijnsma

