

# Semi-annual report 2013

N.V. Nederlandse Gasunie

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## CEO Statement

The first half of 2013 went well for Gasunie. Our financial results show a net profit of € 214 million on an invested capital of € 9,016 million. The normalised income (€ 904 million) is fractionally higher than in the first half of 2012. Due to the relatively long winter, operating costs were higher than in the first half of 2012. During this cold period, security of supply remained at a high level. Our safety performance is good. The number of reported incidents is at its lowest level since we started registering them in 2006. Unfortunately, we experienced more incidents of pipeline damage without gas outflow than last year: we are taking additional measures to reverse this in the second half of the year.

The long winter created some tense moments in various parts of Europe. However, Gasunie's infrastructure is well prepared for such circumstances, and gas supply in the Netherlands and Germany was never at risk. The gas roundabout made an important contribution to reliable energy supply, also to countries such as Denmark and the United Kingdom. It became clearer than ever that being able to meet peak demand is one of the main foundations of reliable energy supply.

The volumes of high-calorific (H-gas) transported to the United Kingdom in particular reached record heights. In any energy scenario, gas remains unbeatable as an energy source for heating homes and offices. The British government recently allocated a central role to gas in its new energy policy for a good reason.

In the first half of this year, we started sharpening our policy with respect to corporate social responsibility (CSR). We have defined three CSR focus areas to which we will devote extra attention in the near future: footprint reduction and sustainable purchasing; energy transition; and environmental management.

Both in the Netherlands and in Germany, we are awaiting the definitive decisions that the regulatory authorities Autoriteit Consument & Markt (ACM) and Bundesnetzagentur (BNetzA) will take this year. In this regard, the allowance for the cost of capital invested and the individual efficiency factor proposed by ACM are a source of concern to us. In order to be able to continue to invest in a safe and reliable energy supply, it is important to at least be able to obtain a reasonable return on investment.

At the request of the Dutch Ministry of Economic Affairs, Gasunie Transport Services is carrying out two studies as part of research into the consequences of gas extraction in Groningen in relation to the recent earthquakes in the area. The results are expected to be presented by the Minister at the end of 2013.

On 6 April 2013, Gasunie had its 50th anniversary, which we celebrated with our employees. We are proud that Gasunie ranks 49th in the Incompany Top 500 of the most attractive employers in the Netherlands and takes 50th place in the MT500 list of the best companies in the Netherlands. These rankings clearly indicate that we are on the right track.

On 23 April, we said goodbye to three members of our Supervisory Board. We are very grateful to them for their many years of dedication and commitment to Gasunie. As of 1 January 2014, Mr H.N.J. Smits will be appointed as member and prospective new Chairman of the Supervisory Board.

In the second half of 2013, we will continue to emphasise the importance of natural gas in the energy mix of the future. Gasunie will be actively working on giving new applications of gas a chance to grow further. In order to realise a stable, reliable, sustainable *and* affordable energy supply, we will increasingly need to integrate different elements of various energy systems. In that way, we can make optimum use of the strengths of each individual energy carrier. We believe that a combination of renewable energy sources and gas offers the best solution for an energy supply that is not only sustainable, but also affordable.

Paul van Gelder MSc

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

## Key figures

<i>In € millions</i>	<b>First half of 2013</b>	<b>First half of 2012</b>
<b>Profit and loss account</b>		
<b>Reported</b>		
Income	793	808
EBITDA	519	537
Result after taxation	214	246
<b>Normalised *)</b>		
Income	904	896
EBITDA	630	625
Result after taxation	297	312
<b>Cash flow statement</b>		
Cash flow from operating activities	430	566
Cash flow from investing activities	(226)	(234)
Cash flow from financing activities	(209)	(285)
<b>Other ratios</b>		
Reportable frequency index	2.3	3.1
Pipeline damages	5	2
Security of supply (non-deliveries or late deliveries)	1	2
Transported volume (bn kWh)	752	683

\*) Adjusted for the effects on income of the method decisions 2010-2013 and a one-off compensation received by Gasunie Deutschland in 2012.

<i>In € millions</i>	<b>30 June 2013</b>	<b>31 December 2012</b>
<b>Balance sheet</b>		
Fixed assets	9,992	9,944
Equity	4,923	4,857
Balance sheet total	11,080	11,073
Invested capital	9,016	8,675
Net debt including guarantees	5,121	5,174
<b>Credit ratings</b>		
Standard & Poor's	AA-	AA-
Moody's Investors Service	A2	A2

For definitions, see the next page.

**Definitions relating to the key figures**

EBITDA	Earnings before interest, taxes, depreciation and amortisation
Reportable frequency index	The number of reportable incidents (incidents resulting in absence, medical treatment, replacement work or fatalities) per million hours worked
Invested capital	Total of tangible fixed assets, investments in associates and other equity interests, corrected for assets under construction
Net debt including guarantees	Total of long-term interest-bearing loans, current financing liabilities, cash and cash equivalents and guarantees

# Semi-annual report

## Summary of financial results

### Key figures

<i>In € millions</i>	<b>First half of 2013</b>	<b>First half of 2012</b>
Income	793	808
Total expenses	(415)	(402)
Operating result	378	406
Financial income and expenses	(92)	(85)
Result before taxation	286	321
Taxes	(72)	(75)
Result after taxation	214	246

### Income

Over the first half of 2013, the capacities sold are at the same level as the same period in 2012. The income achieved is approximately € 15 million less than in 2012. This is principally due to the effect of the efficiency discounts on the tariffs, as determined by the regulators in the Netherlands and Germany. In addition, in 2012 there was a one-off compensation of € 25 million. These effects are partially compensated for by income from new assets.

### Operating result

The operating result decreased by approximately € 28 million. On top of the decline in income mentioned above, expenses were also up. This was due to growth in activities, as well as higher energy costs caused by the cold first half of 2013. This rise in expenses is partially offset by the effects of the Efficiency Masterplan, which was launched at the end of 2011.

### Normalised

<i>In € millions</i>	<b>First half of 2013</b>	<b>First half of 2012</b>
Income	904	896
Total expenses	(415)	(402)
Operating result	489	494
Result after taxation	297	312

In this financial overview, the figures have been adjusted for the effect on income of the method decisions 2010-2013 (first half of 2013: approximately € 111 million and first half of 2012: approximately € 113 million) and a one-off compensation received by Gasunie Deutschland in 2012.

### **Outlook**

Based on current insights, the company expects income for 2013 as a whole to be approximately € 1.5 billion, with a positive result after taxation from regular operational activities of approximately € 350 million. It should be noted that, as in 2012, as a consequence of the method decisions, a settlement also takes place over the past.

### **Funding**

No long-term loans were taken on in the first half of 2013. The liquidity position in the first half year was comfortable, due to two long-term bond issues in 2012 to mitigate the refinancing risk associated with the peak in repayments that will occur in October 2013. As a result, in the first half year, virtually no resort was made to the money market and no use was made of the Euro Commercial Paper (ECP) programme. Nor was any use made of the € 800 million stand-by credit facility that was concluded in October 2010 for a term of 5 years.

### **Credit ratings**

In the first half of 2013, the rating agencies Standard & Poor's and Moody's Investors Service did not change Gasunie's long-term credit ratings. Gasunie has a long-term credit rating of AA- with a negative outlook from Standard & Poor's, and A2 with a stable outlook from Moody's Investors Service.

## **Changes in Supervisory Board and Executive Board**

A number of changes have taken place in the Supervisory Board. On 23 April, Messrs G.J. van Luijk, A. Lont and H.L.J. Noy retired as members of the Supervisory Board. The Executive Board thanks them for their years of hard work in the service of Gasunie. On 1 January 2014, Mr H.N.J. Smits will join the Supervisory Board as member and Chairman elect. Until 1 January 2014, Mr R. de Jong will be Acting Chair.

With regard to the Executive Board, as of 1 September 2013, Mr P.C. van Gelder will retire as CEO and Chair of the Executive Board of Gasunie in order to take up another, external, Executive Board position.

## **Risk Management**

Our business activities are subject to risks. These risks arise from changes both within and outside our company. We aim to manage these risks as well as possible. Our risk profile has not changed in any significant respect from that presented in the 2012 annual report. For completeness, we refer to the Risk Management section in our 2012 annual report.

## **Developments terms of employment Gasunie in the Netherlands**

On 3 April 2013, Gasunie reached an agreement in principle with the trade unions on Gasunie's new collective labour agreement (CLO). The new CLO is for a period of twelve months (1 January 2013 to 1 January 2014). Agreement was also reached with the unions on a pension plan, based on an average salary scheme. It will come into force 1 July 2013. The pension to be accrued will be 2% per year of the pensionable salary, less the AOW deductible. The pensionable age is set at 67. The contribution payable by Gasunie will be 22.6% of the pensionable salary. This contribution will

be fixed up to and including 31 December 2017. In addition, Gasunie has indicated that it will be working together with the unions and the works council on a new remuneration policy.

## **Business units Gasunie**

### **Gasunie Transport Services**

#### **Gas transport**

In Northwest Europe, the past six months have been colder than normal. Although temperatures were not extreme, the cold spell lasted a long time and gas supplies in various parts of Europe ran out. As a result, the demand for transport – including through the network of Gasunie Transport Services (GTS) – was very high. Thanks to the new infrastructure that recently became operational, this demand could be met. The volume transported was 632 billion kWh (64.7 billion m<sup>3</sup>), almost 10% more than in the same period in the record year of 2010.

#### **Improving international network links**

GTS is currently working hard on the introduction of the European network codes CAM (Capacity Allocation Mechanisms) and CMP (Congestion Management Procedures). In that context, on 1 April, GTS started to offer day-ahead<sup>1</sup> (bundled) capacity at seven border points. GTS auctions this capacity through PRISMA, the auction platform that it helped to set up. The introduction of CAM and CMP enables the connections between GTS's network and those of neighbouring countries to be used as effectively as possible. This stimulates the development of a competitive European gas market and has positive effects on the development of the trading platform TTF (Title Transfer Facility). As from 2014, GTS will auction available capacity at all its border points.

#### **Balancing**

As of 1 April 2014, GTS will start balancing its system by buying and selling gas on the 'within-day' market, thereby providing more flexibility for our customers and bringing the Dutch system in line with the European requirements for balancing. To make this possible, GTS is currently in discussions with ICE-Endex. During the first half of 2013, in collaboration with the ACM, GTS has been consulting with various market parties, which proved to be a positive experience for all concerned.

#### **Regulation**

On 1 May, the Dutch regulator ACM published the draft method decisions for GTS for the period 2014-2016. The objective and structure of the draft decisions is in line with earlier decisions. Following other European countries and European developments, ACM is introducing a system of revenue cap regulation. Both developments serve to stabilise the regulatory process and thereby also increase the predictability of GTS's income.

GTS will expressly request modification of the draft decisions on two parts. First of all, this concerns the low level of the allowance for the cost of capital invested (WACC) applied by ACM. If the WACC is too low, the investment climate will deteriorate and investments in gas infrastructure will come under pressure. Secondly, ACM intends to impose an individual efficiency factor, which may negatively affect service quality. It is expected that the decisions will be finalised in September 2013.

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<sup>1</sup> One working day in advance

### **Certification**

At the end of 2012, GTS submitted its application to ACM for certification as independent system operator. In May 2013, ACM put GTS's application to the European Commission for its opinion. The Commission is expected to give its judgement in the third quarter of 2013. GTS is aiming to obtain certification as of January 2014.

## **Gasunie Deutschland**

### **Gas transport**

In the first six months of 2013, Gasunie Deutschland transported 120 billion kWh (12 billion m<sup>3</sup>) of gas.

### **Developments in market areas**

The German Transmission System Operators (TSOs) have together carried out a mandatory evaluation in order to assess whether a merger of the two remaining German market areas GASPOOL and Net Connect Germany (NCG) would be feasible. The conclusion of this analysis is that the cost of merging these market areas would be considerably higher than the benefits it would provide. This conclusion is confirmed by the German regulator BNetzA.

### **Network development plan (Netzentwicklungsplan)**

The definitive German network development plan (NEP) for 2012 was published in March 2013. This takes account of the system expansions developed in the context of the Integrated Open Season. After submission of the German NEP for 2013 by the collective German TSOs, BNetzA started the consultation phase for the draft plan in April 2013. Market parties had until June 2013 to respond to this draft plan.

### **ExEII (Exit Ellund)**

Due to the decline in natural gas production in Denmark on the one hand, and the increasing demand for natural gas in Schleswig-Holstein and Hamburg as a result of the German *Energiewende* on the other, the transport network needs to be expanded to provide the required throughput capacity to Denmark. This expansion will be carried out in two phases, in various projects within Gasunie's German network. Phase 1 is expected to be complete in the fourth quarter of 2014, with the completion of Phase 2 following a year later. The projects form part of the German NEP and represent a European interest (see Decision no. 1364/2006/EC of the European Parliament).

### **International booking platform (PRISMA)**

In 2011, Gasunie Deutschland and the other German TSOs began offering their transport capacity on the capacity platform TRAC-X Primary. To facilitate the development and operation of the platform, the TRAC-X Transport Capacity Exchange GmbH (TRAC-X) in Leipzig was set up. As of 1 January 2013, GTS and other TSOs from France, Belgium, Denmark, Italy and Austria have become shareholders of TRAC-X. The name has now been changed to PRISMA European Capacity Platform GmbH. From April 2013, the capacity of all participating TSOs can be offered on the PRISMA common European capacity platform developed by the European TSOs. In this way, new European gas network codes can be implemented at an early stage, stimulating an integrated and more liquid gas market.

### **Regulation**

For the regulatory period 2013-2017, the German regulator BNetzA has to determine a new level of allowed revenue. Although the allowed cost level was approved by the BNetzA back in 2012, the final results of the efficiency benchmark (and consequently also the final decision regarding the

allowed revenue for Gasunie Deutschland) have not yet been published. They are expected in the third quarter of 2013.

### **Certification**

At the end of February 2012, Gasunie Deutschland submitted to BNetzA an application for certification as independent system operator. After consultation with the European Commission, BNetzA granted certification to Gasunie Deutschland in February 2013.

## **Participations & Business Development**

The participations of Gasunie make a significant contribution to the security of supply of natural gas in the Netherlands. Being connected to the global stocks of natural gas, the Netherlands attract gas flows for its own use and for that of the rest of western Europe.

### **Nord Stream AG**

Nord Stream AG concerns two pipelines that run through the Baltic, from Russia (Vyborg) to northern Germany (Lubmin). The possibility of laying a third and/or fourth pipeline through the Baltic from Russia to Northwest Europe is currently being explored.

### **Gasunie Zuidwending B.V.**

During the cold winter period, Gasunie Zuidwending B.V. clearly demonstrated its value as a rapidly deployable gas buffer. The flexibility of that buffer particularly came into its own during the lengthy cold period in the first few months of the year, both on the basis of existing contracts and through extra sales, by anticipating brief favourable developments in the market.

At the end of January, there was a fire in the transformer of one of the five compressors. It caused only material damage, and the relevant authorities were informed of the incident. Following an investigation, a second transformer was taken out of commission as a precautionary measure. Both will become available again in the third quarter of 2013.

The expansion project, including a sixth compressor and a fifth cavern, is expected to be finished three months before the scheduled completion date.

### **Gasunie BBL B.V.**

Gasunie BBL B.V. has an interest of 60% in BBL Company VOF (BBL), the transport pipeline from Balgzand to Bacton (United Kingdom). During the long, cold winter, BBL played a significant part in ensuring security of supply in the United Kingdom. Between 23 and 28 March 2013, for the first time after the installation of the fourth compressor BBL sold all its available fixed capacity for gas to the United Kingdom, confirming the importance of the BBL connection for the UK market.

### **Gasunie LNG Holding B.V.**

Gasunie LNG Holding B.V. has an interest of 45% in the Gate terminal, the terminal for liquid natural gas (LNG) on the Maasvlakte, an area of reclaimed land near the port of Rotterdam. The Gate terminal contributed to a stable energy supply during the cold winter period at the start of the year. This was followed by a relatively quiet period, reflecting the current situation on the global LNG market.

The need for small-scale distribution of LNG ('small-scale LNG') continues to grow. This opens up opportunities for Gate terminal customers. To facilitate this, Gasunie and its partners in the Gate terminal are looking into the feasibility of developing and operating a break-bulk terminal. This would involve LNG from Gate's storage tanks being transferred to smaller vessels and tanker-

trucks for use as fuel for ships, road transport, or industry in areas where there is no gas infrastructure. A decision on this matter is expected in the second half of 2013. Thanks to a number of modifications to the Gate terminal, after the summer it will also be possible to load small vessels with LNG.

### **Green gas**

Green gas continues to attract a lot of interest in the context of the Dutch government's incentive programmes, subsidies for sustainable energy (SDE+) and the Innovation Contract for Green Gas. As more and more projects reach completion, the volumes of green gas also continue to grow. However, due in part to the economic situation, the speed at which this happens is slower than originally anticipated.

### **ICE Endex**

On 1 March 2013, the APX-ENDEX was split into an electric part (spot trade and clearing) and a derivatives and spot gas part. The derivatives and spot gas part has gone ahead under the name ICE Endex, with IntercontinentalExchange (ICE) as majority shareholder. Gasunie holds more than 20% of the shares in ICE Endex Holding B.V. and seeks to increase the head start of the Dutch gas trading exchange TTF so that it can ultimately become the gas trading hub of mainland Europe.

# Statement of the Executive Board

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

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

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 financial 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  
I.M. Oudejans  
G.H. Graaf

Groningen, the Netherlands  
23 July 2013

# Consolidated semi-annual financial statements

## Condensed consolidated balance sheet (before profit appropriation)

<i>In € millions</i>	Notes	30 June 2013	31 December 2012
<b>Assets</b>			
Fixed assets			
- tangible fixed assets		9,010.2	8,925.9
- intangible fixed assets		4.8	5.8
- investments in associates		140.7	128.6
- other equity interests		403.9	403.9
- deferred tax assets		432.6	479.9
Total fixed assets		9,992.2	9,944.1
Total current assets		1,087.7	1,129.0
Total assets		11,079.9	11,073.1
<b>Equity and liabilities</b>			
Total shareholder's equity		4,922.9	4,856.5
Long-term liabilities			
- interest-bearing loans	3	4,051.7	4,059.1
- employee benefits	4	185.7	250.7
- other long-term liabilities		362.9	380.0
Total long-term liabilities		4,600.3	4,689.8
Current liabilities			
- current financing liabilities		1,163.4	1,149.8
- trade and other payables		393.3	377.0
Total current liabilities		1,556.7	1,526.8
Total equity and liabilities		11,079.9	11,073.1

## Condensed consolidated profit and loss account

<i>In € millions</i>	Notes	First half of 2013	First half of 2012
<b>Continuing operations</b>			
Gross income		<b>903.9</b>	920.2
Repayment tariff settlement	6	<b>(110.5)</b>	(112.7)
Net income		<b>793.4</b>	807.5
Capitalised expenditure		<b>44.1</b>	40.0
Staff costs and other operating expenses		<b>(318.1)</b>	(310.2)
Depreciation and amortisation		<b>(141.0)</b>	(131.5)
Total expenses		<b>(415.0)</b>	(401.7)
Operating result		<b>378.4</b>	405.8
Finance revenue and costs		<b>(103.7)</b>	(98.4)
Share in result of associates		<b>11.5</b>	13.1
Dividend received on investments in other equity interests		<b>0.1</b>	-
Result before taxation		<b>286.3</b>	320.5
Taxes		<b>(72.5)</b>	(74.5)
Result after taxation		<b>213.8</b>	246.0
<b>Discontinued operations</b>			
Result on discontinued operations after taxation		-	-
<b>Result for the period</b>		<b>213.8</b>	246.0
Result attributable to shareholder		<b>213.8</b>	246.0

## Consolidated statement of comprehensive income

<i>In € millions</i>	Notes	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappro- priated result	Total
<b>First half of 2013</b>						
Total of results taken to the profit and loss account (result for the period)		-	-	-	213.8	213.8
Balance of actuarial gains and losses on employee benefits,	4	-	-	73.4	-	73.4
of which corporate income tax		-	-	(18.4)	-	(18.4)
Total of results taken to equity, which will not be reclassified subsequently to the profit and loss account		-	-	55.0	-	55.0
Movement in cash flow hedge reserve, of which corporate income tax		16.3 (4.1)	- -	- -	- -	16.3 (4.1)
Total of results taken to equity, which will be reclassified subsequently to the profit and loss account		12.2	-	-	-	12.2
Other movements reclassified to the profit and loss account		-	-	0.6	-	0.6
Total of comprehensive income		<b>12.2</b>	<b>-</b>	<b>55.6</b>	<b>213.8</b>	<b>281.6</b>

<i>In € millions</i>	Notes	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappro- priated result	Total
<b>First half of 2012</b>						
Total of results taken to the profit and loss account (result for the period)		-	-	-	246.0	246.0
Balance of actuarial gains and losses on employee benefits,	4	-	-	(78.0)	-	(78.0)
of which corporate income tax		-	-	19.7	-	19.7
Total of results taken to equity, which will not be reclassified subsequently to the profit and loss account		-	-	(58.3)	-	(58.3)
Movement in cash flow hedge reserve,		(10.5)	-	-	-	(10.5)
of which corporate income tax		2.6	-	-	-	2.6
Total of results taken to equity, which will be reclassified subsequently to the profit and loss account		(7.9)	-	-	-	(7.9)
Total of comprehensive income		<b>(7.9)</b>	-	<b>(58.3)</b>	<b>246.0</b>	<b>179.8</b>

The total of comprehensive income for the first half of 2013 and 2012 is fully attributable to the shareholder.

## Consolidated statement of movements in equity

<i>In € millions</i>	<b>Share capital</b>	<b>Cash flow hedge reserve</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Unappropriated result</b>	<b>Total</b>
<b>First half of 2013</b>						
Balance as at 1 January 2013	0.2	(52.7)	175.4	4,374.9	358.7	4,856.5
Total of comprehensive income for the period	-	12.2	-	55.6	213.8	281.6
Dividend paid for 2012	-	-	-	-	(215.2)	(215.2)
Added to other reserves	-	-	-	143.5	(143.5)	-
Balance as at 30 June 2013	<b>0.2</b>	<b>(40.5)</b>	<b>175.4</b>	<b>4,574.0</b>	<b>213.8</b>	<b>4,922.9</b>
<b>First half of 2012</b>						
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	<b>0.2</b>	<b>(45.4)</b>	<b>37.8</b>	<b>4,378.5</b>	<b>246.0</b>	<b>4,617.1</b>

## Condensed consolidated cash flow statement

<i>In € millions</i>		<b>First half of 2013</b>	<b>First half of 2012</b>
Cash flow from business operations	<b>539.4</b>		604.5
Interest, corporate income tax and other	<b>(109.6)</b>		(38.9)
	<hr/>		<hr/>
Cash flow from operating activities		<b>429.8</b>	565.6
Cash flow from investing activities		<b>(226.1)</b>	(233.6)
New long-term loans	-		0.9
Repayment of long-term loans	<b>(7.0)</b>		(6.6)
Movements in short-term financing	<b>13.0</b>		(279.5)
Dividend paid	<b>(215.2)</b>		-
	<hr/>		<hr/>
Cash flow from financing activities		<b>(209.2)</b>	(285.2)
<b>Increase in cash and cash equivalents</b>		<b>(5.5)</b>	46.8
Cash and cash equivalents at previous year-end	<b>909.1</b>		68.5
Cash and cash equivalents at end of period	<b>903.6</b>		115.3
	<hr/>		<hr/>
		<b>(5.5)</b>	46.8

## Notes to the condensed consolidated financial statements

The financial statements are a translation of the official Dutch version adopted by the Executive Board.

### 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 some 15,500 kilometres of pipelines in the Netherlands and northern Germany, dozens of installations and approximately 1,300 gas-receiving stations. The annual gas throughput totals approximately 1,250 billion kWh (125 billion m<sup>3</sup>). Gasunie serves the public interest in the markets where it operates and seeks to maximise value creation for its stakeholders. Gasunie provides gas transport services through its subsidiaries, Gasunie Transport Services B.V. in the Netherlands and Gasunie Deutschland Transport Services GmbH in Germany. Gasunie also provides other gas infrastructure services, including gas storage, LNG storage and the 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 at Concourslaan 17, 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 2013:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans (Amendments)
- IFRS 7 Financial Instruments – Disclosure: Offsetting Financial Assets and Financial Liabilities (Amendments)
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendments)
- IAS 19 Employee Benefits (Revised)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Improvements to International Financial Reporting Standards (2009-2011)

The adoption of the aforementioned standards and interpretations affects the presentation of the consolidated statement of comprehensive income and requires additional disclosures. It has no material effect on the company's equity or result in 2013.

As of 2013, under IAS 19 Employee Benefits (Revised), the expected return on pension plan assets is determined on the basis of the discount rate applied in determining pension liabilities.

The abolishing of the 'corridor method' under IAS 19 Employee Benefits (Revised) has no effect on the equity and result of N.V. Nederlandse Gasunie, because actuarial gains and losses have been

completely and directly accounted for in the equity after deduction of deferred taxes in the period in which they occurred.

Statement of compliance

The semi-annual financial statements have been prepared in compliance with the IFRS 'Interim Financial Reporting' standard (IAS 34), as adopted by the European Union and effective on 30 June 2013.

These semi-annual financial statements do not contain all the information and disclosures that are required to be included in annual financial statements and should be read in combination with the consolidated financial statements for 2012.

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 the higher of its fair value less costs to sell and its value in use. The value in use is calculated on the basis of future cash flows estimated by management. These cash flows are based on the business plan for the next three years adopted by the Executive Board as well as on a recent long-range forecast. The total planning period runs up to and including 2062. There are no indications that the fair value less costs to sell is higher than the value in use.

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 value in use.

#### Impairment tests

##### *Gas transport network in the Netherlands*

In 2011, the Dutch regulator ACM published method decisions and x-factor decisions for the periods 2006-2009 and 2010-2013. The related decisions on tariffs were adopted in December 2011. A number of stakeholders and GTS appealed against the new method decisions. On 8 November 2012, the Dutch Industrial Appeals Tribunal (CBb) ruled that the objections were unfounded. This means that GTS can maintain the current tariffs established by the ACM unchanged.

When preparing the consolidated financial statements for 2012, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in the Netherlands.

On 1 May 2013, ACM published the draft method decisions for the period 2014-2016. ACM is expected to determine the definitive method decisions in September 2013. On the basis of these and the related x-factor decisions, GTS will be able to submit its tariff proposals. It is expected that ACM will take definitive tariff decisions in December 2013, which will come into effect as of 1 January 2014.

When preparing the consolidated semi-annual financial statements for 2013, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in the Netherlands.

##### *Gas transport network in Germany*

The German regulator BNetzA is in the process of determining the permissible revenue for the regulatory period 2013-2017, on the basis of the projected permissible costs for the period, possibly reduced by an individual efficiency factor. In the second half of 2012, BNetzA took a decision on the permissible costs. When management was preparing the consolidated financial statements for 2012, the decision with regard to the individual efficiency factor was expected in the first quarter of 2013.

When preparing the consolidated financial statements for 2012, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in Germany.

The decision-making by BNetzA with regard to the individual efficiency factor has been delayed. The decision is now expected in the third quarter of 2013.

When preparing the consolidated semi-annual financial statements for 2013, management concluded that there was no reason to perform an analytical test to determine any possible impairments of the gas transport network in Germany.

## 2. Acquisitions

At the beginning of 2013, Gasunie Transport Services B.V. acquired an interest of in total 14.6% in PRISMA European Capacity Platform GmbH, formerly known as TRAC-X Transport Capacity Exchange GmbH. Of this interest, 6.8% was acquired from Gasunie Deutschland Transport Services GmbH. The acquisition price was € 0.0 million.

In the first quarter of 2013, APX B.V. was split into a Power part and a Gas part. Following this split, N.V. Nederlandse Gasunie has an interest of 20.9% in the Gas part, which has been transferred to ICE Endex Holding B.V. In 2013, this transaction led to an additional loss of € 0.3 million. This loss was taken to 'share in result of associates'.

In 2012, Gasunie LNG Holding B.V. expanded its 42.5% interest in Gate terminal C.V. by 2.5% to 45%. As a result, the related interest in Gate terminal B.V. also increased from 42.5% to 45%. The acquisition price was € 10.2 million.

## 3. Interest-bearing loans

The total amount of € 4,051.7 million (year-end 2012: € 4,059.1 million) of long-term loans comprises € 3,250.0 million (year-end 2012: € 3,250.0 million) of long-term bonds and € 801.7 million (year-end 2012: € 809.1 million) of private loans.

Movements in interest-bearing loans:

<i>In € millions</i>	<b>First half of 2013</b>	<b>2012</b>
Balance as at 1 January	<b>4,059.1</b>	4,454.6
Issued bond loans	-	1,000.0
Increase in private loans due to acquisition of interest in joint venture	-	17.6
Other increases	<b>0.2</b>	1.1
Early repayment on bond loans	-	(284.2)
Repayment commitments in next financial year	<b>(7.6)</b>	(1,130.0)
Balance as at 30 June/31 December	<b>4,051.7</b>	4,059.1

In July 2012, an early repayment of € 284.2 million took place on long-term bond loans with a total nominal value of € 1.4 billion, an effective interest rate of 6.000% and a term until the end of October 2013. In addition, two new long-term bond issues took place, each with a nominal value of

€ 500.0 million, an effective interest rate of 2.625% and 0.875% respectively, and terms of 10 years and 3 years respectively. The reason for the early repayment and the issue of the new long-term bond loans was to mitigate the refinancing risk of 2013. The early repayment was above nominal value. The difference of € 20.1 million between the exercise price and the nominal value is reported as 'interest expenses'.

Future repayments:

<i>In € millions</i>	<b>30 Jun. 2013</b>	<b>31 Dec. 2012</b>
<b>Repayment commitments in</b>		
2013	<b>1,123.0</b>	1,130.0
2014	<b>15.5</b>	15.5
2015	<b>516.4</b>	516.4
2016	<b>716.4</b>	716.4
2017	<b>767.0</b>	767.0
After 2017	<b>2,047.9</b>	2,047.9
Total repayment commitments	<b>5,186.2</b>	5,193.2

The company has a loan facility of € 150 million (year-end 2012: € 150 million) with the European Investment Bank and a Medium Term Note (MTN) programme worth € 7.5 billion (year-end 2012: € 7.5 billion). As at 30 June 2013, € 3.1 billion was available for new issues under the MTN programme (year-end 2012: € 3.1 billion).

In addition, the company has credit facilities for temporary financing totalling € 910 million (year-end 2012: € 910 million) and a Commercial Paper programme amounting to € 750 million (year-end 2012: € 750 million). As at 30 June 2013 and year-end 2012, no funds were drawn under these credit facilities. 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.

Security has been provided for loans concluded by Gate terminal B.V. This security relates to the pledging of all assets and future cash flows of Gate terminal B.V. No collateral has been provided for the other interest-bearing loans and credit facilities concluded by N.V. Nederlandse Gasunie.

#### 4. Employee benefits

As of 1 July 2013 a new pension plan has come into force for employees in the Netherlands. For additional information, see note 8.

The pension liabilities are normally valued annually in the second half of the year in accordance with IAS 19 Employee Benefits (Revised). However, given the change in the pension plan mentioned above, the pension liabilities were also valued as at 30 June 2013.

<i>In € millions</i>	<b>30 Jun. 2013</b>	<b>31 Dec. 2012</b>
A. Pension liabilities, the Netherlands	<b>115.9</b>	179.5
B. Pension liabilities, Gasunie Deutschland	<b>58.8</b>	60.2
Total	<b>174.7</b>	239.7

Except for the discount rate and the (expected) return on plan assets, the assumptions underlying the calculation of the pension liabilities did not change compared to the Annual Report 2012. The discount rate changed from 3.3% to 3.6%. Under IAS 19 Employee Benefits (Revised), the (expected) return on plan assets is determined on the basis of the discount rate used in determining the pension liabilities and has therefore changed from 4.0% to 3.3%.

If IAS 19 Employee Benefits (Revised) had been effective in 2012, the (expected) return on plan assets would have been based on 3.9% for 2012. The effect on the (expected) return on plan assets is € 1.0 million negative for 2012. The effect on the actuarial result on plan assets is € 1.0 million positive for 2012. On balance there is no effect on the pension liabilities and equity of N.V. Nederlandse Gasunie. Given the minimal effect of IAS 19 Employee Benefits (Revised), the comparative figures for 2012 have not been adjusted.

##### *A. Provision for pension liabilities, the Netherlands*

A breakdown of the provision for pension liabilities in respect of employees in the Netherlands is shown below:

<i>In € millions</i>	<b>30 Jun. 2013</b>	<b>31 Dec. 2012</b>
Present value of pension entitlements	<b>1,157.6</b>	1,246.1
Plan assets	<b>(1,041.7)</b>	(1,066.6)
Pension provision	<b>115.9</b>	179.5

Movements in the pension provision are:

<i>In € millions</i>	<b>First half of 2013</b>	<b>2012</b>
<b>Present value of pension entitlements</b>		
Balance as at 1 January	<b>1,246.1</b>	1,064.4
Increase in pension entitlements	<b>14.5</b>	26.8
Accrued interest	<b>20.5</b>	40.8
Actuarial result	<b>(103.9)</b>	153.2
Pension benefits paid	<b>(19.6)</b>	(39.1)
Balance as at 30 June/31 December	<b>1,157.6</b>	1,246.1
<b>Plan assets</b>		
Balance as at 1 January	<b>1,066.6</b>	958.3
Return	<b>17.5</b>	39.3
Employer's pension contributions received	<b>11.3</b>	30.6
Actuarial result	<b>(34.1)</b>	77.5
Pension benefits paid	<b>(19.6)</b>	(39.1)
Balance as at 30 June/31 December	<b>1,041.7</b>	1,066.6

All plan assets are administered by Stichting Pensioenfonds Gasunie.

The actuarial results taken directly to equity are:

<i>In € millions</i>	<b>First half of 2013</b>	<b>First half of 2012</b>
Actuarial result on pension entitlements	<b>103.9</b>	(97.3)
Actuarial result on plan assets	<b>(34.1)</b>	24.8
Total actuarial result	<b>69.8</b>	(72.5)

The actuarial result in the first half of 2013 was caused by the higher discount rate and experience adjustments on the one hand and the lower than (expected) return on plan assets on the other.

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

As at 30 June 2013, the accumulated actuarial gains and losses total € 333.6 million negative (year-end 2012: € 403.4 million negative).

The total pension costs for the defined benefit pension plans as presented in the profit and loss account comprise:

<i>In € millions</i>	<b>First half of 2013</b>	<b>First half of 2012</b>
Increase in pension entitlements	<b>14.5</b>	11.9
Accrued interest	<b>20.5</b>	20.8
Return on plan assets	<b>(17.5)</b>	(19.2)
Total pension costs	<b>17.5</b>	13.5

*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 2013 of € 58.8 million (year-end 2012: € 60.2 million).

The total actuarial result for the first half of 2013 taken directly to equity was € 3.6 million positive (first half of 2012: € 5.5 million negative).

As at 30 June 2013, the accumulated actuarial gains and losses taken directly to equity total € 15.0 million negative (year-end 2012: € 18.6 million negative).

A start has been made with developing a defined contribution plan for employees joining the company as of 2012.

**5. Financial instruments**

The following methods are used to determine the approximate fair values of financial instruments:

- For trade receivables, tax and social security contributions, other receivables, cash and cash equivalents, current financing liabilities, trade payables, tax liabilities, and other liabilities, accruals and deferred income, the carrying amount approximates the fair value because of the short period to the due date for each of these instruments;
- The other equity interests are stated at fair value, which is based on the present value of the cash flows;
- The derivative financial instruments are stated at fair value, which is calculated by discounting their future cash flows at the appropriate rates taken from the current interest curve; and
- The interest-bearing loans are bonds with a listing on the Amsterdam stock exchange, and private loans. The fair value of the bonds is the market value at the year-end closing price. The fair value of the private loans is calculated by discounting the future cash flows against the current interest curve.

N.V. Nederlandse Gasunie uses the following hierarchy of methods to determine and measure the fair value of the financial instruments for presentation in the balance sheet:

- Level 1: Based on prices in active markets for the same instrument;
- Level 2: Based on prices in active markets for comparable instruments, or based on other measurement methods, with all required key data being derived from publicly available market information; and
- Level 3: Based on other measurement methods, with all required key data not being derived from publicly available market information.

The assets and liabilities presented at fair value in the balance sheet are determined in accordance with the following hierarchy:

<i>In € millions</i>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>30 Jun. 2013</b>				
- other equity interests	403.9	-	-	403.9
- derivative financial instruments	70.8	-	70.8	-
<b>31 Dec. 2012</b>				
- other equity interests	403.9	-	-	403.9
- derivative financial instruments	87.8	-	87.8	-

The other equity interests concern an interest of 9% in Nord Stream AG and an interest of 16.1% in PRISMA European Capacity Platform GmbH.

The interest in Nord Stream AG is stated at fair value, taking account of a 7.5% discount rate after taxation on the projected cash flows. The projected cash flows are based on contractual agreements. As an indication, all things being equal, if the discount rate changes by 0.5% points, this will result in a change in the fair value amount of € 33 million.

Movements in other equity interests are:

<i>In € millions</i>	<b>First half of 2013</b>	<b>2012</b>
Balance as at 1 January	<b>403.9</b>	252.6
Investments	-	13.7
Movement in fair value taken directly to equity	-	137.6
Balance as at 30 June/31 December	<b>403.9</b>	403.9

The table below compares the financial instruments for which the carrying amount does not approximate the fair value:

<i>In € millions</i>	<b>30 Jun. 2013</b>		<b>31 Dec. 2012</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Interest-bearing loans	<b>4,051.7</b>	<b>4,451.1</b>	4,059.1	4,568.0
Current financing liabilities	<b>1,163.4</b>	<b>1,184.4</b>	1,149.8	1,200.8

## 6. Repayment tariff settlement

On 11 October 2011, the Dutch regulator ACM 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 is disclosed separately in the profit and loss account.

## 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 are distinguished:

- *Gasunie 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 the 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 with foreign markets, such as the BBL pipeline to the United Kingdom.

<i>In € millions</i>	<b>Income</b>		<b>Segment result</b>	
	<b>First half of 2013</b>	<b>First half of 2012</b>	<b>First half of 2013</b>	<b>First half of 2012</b>
Segments				
- Gasunie Transport Services	<b>576.1</b>	565.8 *)	<b>255.1</b>	254.2
- Gasunie Deutschland	<b>109.7</b>	134.7 *)	<b>35.6</b>	65.6
- Participations & Business Development	<b>136.8</b>	136.8 *)	<b>87.7</b>	86.0
Inter-segment	<b>(29.2)</b>	(29.8)		
Segment total	<b>793.4</b>	807.5	<b>378.4</b>	405.8
Financial income and expenses			<b>(92.1)</b>	(85.3)
Result before taxation			<b>286.3</b>	320.5
Taxes			<b>(72.5)</b>	(74.5)
Income and result after taxation for the period	<b>793.4</b>	807.5	<b>213.8</b>	246.0

\*) *Adjusted for reasons of comparison*

During the first half of 2013, the Gasunie Transport Services segment provided € 0.4 million (first half of 2012: € 0.8 million), the Gasunie Deutschland segment provided € 0.2 million (first half of

2012: € 0.7 million) and the Participations & Business Development segment provided € 28.6 million (first half of 2012: € 28.3 million) worth of inter-segment services.

## **8. Events after the balance sheet date**

### Employee benefits

N.V. Nederlandse Gasunie and its employees in the Netherlands, represented by the trade unions, have agreed that as of 1 July 2013:

- The current pension plan (Pension Regulations 2006) will be terminated;
- A new pension plan, based on an average salary scheme, will come into force. The pension to be accrued will be 2% per year of the pensionable salary, less the AOW deductible. The pensionable age is set at 67.

The contribution payable by N.V. Nederlandse Gasunie will be 22.6% of the pensionable salary. This contribution will be fixed up to and including 31 December 2017. The pension execution agreement was entered into on 1 July 2013 with Stichting Pensioenfonds Gasunie.

In addition, it was agreed that N.V. Nederlandse Gasunie will:

- pay a one-off sum of € 20 million to the pension fund for the benefit of an indexation reserve to be set up for employees in active service, in order to increase the chances of indexation of employees' pension entitlements in the coming years;
- pay a one-off sum of € 5 million to the pension fund for the benefit of a reserve to be set up for employees in active service, in order to prevent pension accrual cuts.

The new pension plan also applies to the members of the Executive Board.

For a very small group of employees (born before 1950), the Pension Regulations 1994 with the associated savings regulations is applicable. These regulations will remain in force for as long as the pension accrual is allowed within the fiscal framework.

Gasunie is investigating whether, in IFRS terms, the new pension plan qualifies as a defined contribution plan. If this qualification applies, the financial consequences of the transition to a new pension plan will broadly be as follows:

- The provision for pension liabilities of € 115.9 million that relates to the current pension plan will be released to the profit and loss account after deduction of the related deferred tax receivable of € 29.0 million;
- The one-off payments of € 20 million and € 5 million respectively will be taken to the profit and loss account. There is as yet no certainty about the tax deductibility of these payments;
- The accumulated actuarial gains and losses relating to the current pension plan will not be reclassified to the profit and loss account. The direct effect on equity is nil.

The Executive Board,

P.C. van Gelder, Chairman  
I.M. Oudejans  
G.H. Graaf

Groningen, the Netherlands  
23 July 2013

# Review report

To: N.V. Nederlandse Gasunie, Groningen

## 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 2013, 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 of six months ended 30 June 2013, and the notes. The Executive Board 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 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 accompanying consolidated semi-annual financial statements for the period of six months ended 30 June 2013 are not prepared, in all material aspects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Groningen, the Netherlands  
23 July 2013

Ernst & Young Accountants LLP

Signed by  
A.E. Wijnsma