

Semi-annual report 2015

N.V. Nederlandse Gasunie

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Highlights of the first half of 2015

Solid first half year of 2015 for Gasunie

- Revenues of € 876 million were in line with first half of 2014.
- Revenues from new assets compensated for efficiency discounts imposed by regulator.
- Transported volume (607 TWh) was lower compared to the first six months of 2014 (621 TWh). This is due to, amongst other things, the reduced production of gas from the Groningen field. Booked capacity remained at the same level.
- Operating result fell by € 38 million. This is due to the higher operating costs relating to the multi-year maintenance and replacement programme. In addition, due to the reduced gas production from the Groningen field, the necessary costs of bringing gas from other sources up to the desired quality level have also risen. Moreover, for the decommissioning and removal of pipeline sections for making Gasunie's infrastructure more earthquake-proof, € 22 million was charged to the result.
- Net result after taxation decreased by € 31 million to € 326 million.

Main developments

- With three incidents, the safety performance relating to pipeline damage remained within the signal value of seven as set for 2015. The number of personal accidents per one million hours worked, measured as the reportable frequency index, fell from 5.3 at the end of June 2014 to 3.5 at the end of June 2015 (signal value equals 4.0).
- On 8 March, a Green Deal was signed between, amongst other parties, the government, HarvestaGG and Gasunie for the establishment of a Green Goods Farm. An important part of this concept is the conversion of biogas to liquefied green gas (bio-LNG).
- On 10 March, EnergyStock sold storage services from the Zuidwending natural gas buffer to the amount of 0.9 TWh. A part of this is additional volume that became available in this underground gas storage facility in the autumn of 2014.
- On 31 March, Gate terminal gave the starting signal for the construction of an LNG break bulk facility in the port of Rotterdam. As of mid-2016, this facility will make it possible to distribute LNG from Gate terminal as a cleaner fuel for the maritime and transport sectors.
- As of 1 April, Gasunie and Vopak are both 50% shareholder of Gate terminal, given that the last minority shareholder sold its 5% share in Gate terminal to these two parties.
- The construction of the new tunnel for pipelines in the Elbe culvert near Hamburg and the last phase of the expansion project from North Germany to Denmark are going according to plan. With this last project, the German parts of the gas roundabout will be ready for use at the beginning of 2016.
- The amount of traded volume via the Dutch virtual gas trading platform TTF has again increased significantly (7,003 TWh from January to May 2015 versus 5,322 TWh in the same period of 2014).
- The large-scale replacement programme, which makes sure that outdated parts in the Dutch regional Gasunie network are replaced, is evaluated on an annual basis. The first results confirm that the programme is on track, in terms of both quantity and manner of execution.

Han Fennema, CEO Gasunie, about the results

"In the first half of 2015, we achieved solid results. This year, we are seeing a decline in our investment expenditures. Over the past few years, at the request of customers, we have expanded our network, further strengthening the gas roundabout. Now that the roundabout is almost at full strength, we are focusing on maintenance, as well as on replacement of older parts in our network.

As a result, our infrastructure will, also in the long-term, be able to continue to make an important contribution to the energy supply in north-west Europe. A well-functioning diversified gas infrastructure will contribute to the reduction of CO₂ in the short term and to the transition to a sustainable energy supply. Moreover, it will make sure the energy supply will remain affordable and reliable. Together with partners, we are looking for opportunities to develop and stimulate new technologies, in order to make our energy supply more sustainable.

The Minister of Economic Affairs has announced that production from the Groningen field will be reduced for 2015. In addition, he has taken a set of measures to improve the safety and quality of life of the people living in the gas extraction area of Groningen. In our view, it is a positive development that, with this set of measures, important steps are being taken to reduce the unintended negative side effects of gas extraction.

Our Dutch network operator GTS is playing a role in mitigating the consequences of the reduced gas production from the Groningen field. Through quality conversion, gas from other sources is made suitable for use in the low-calorific G-gas market (domestic use). In order to make sure we can continue to do this in the longer term, we are preparing the expansion of the existing nitrogen capacity. In this way, we will be able to keep security of supply in the Netherlands and surrounding countries at the high level that is desired.

This spring, GTS drew up its first Network Development Plan for the coming twenty years. In this plan, it is confirmed that the role of gas will change in the future. The exact nature of the change will depend on the development of our economy, as well as on the speed with which the number of sustainable energy sources will grow. The Network Development Plan also shows that natural gas will continue to play an important role in the next twenty years. Because the production of natural gas in the Netherlands and various other countries in north-west Europe is declining, it is necessary that gas from other countries and sources will continue to be able to find its way to customers. Our infrastructure will make this possible.”

Key figures

<i>In millions of euros</i>	First half of 2015	First half of 2014
Profit and loss account		
Reported *)		
Revenues	876	876
EBITDA	626	662
EBIT	481	519
Result after taxation	326	357
Cash flow statement		
Cash flow from operating activities	525	534
Cash flow from investing activities	(180)	(239)
Cash flow from financing activities	(361)	(283)
Net cash flow	(16)	12
Non-financial key figures		
Transported volume (TWh)	607	621
Reportable frequency index	3.5	5.3
Pipeline damages	3	2
Security of supply (non-deliveries or late deliveries)	-	-

<i>In millions of euros</i>	30 June 2015	31 December 2014
Balance sheet		
Fixed assets	10,068	10,032
Equity	5,501	5,505
Balance sheet total	10,237	10,299
Invested capital	9,734	9,295
Net debt including guarantees	4,692	4,725
Credit ratings		
Standard & Poor's	A+	A+
Moody's Investors Service	A2	A2

*) In the first half of 2015 and 2014, there were no effects that required normalisation.

Definitions relating to the key figures

EBITDA	Earnings before financial income and expenses, taxes and depreciation.
EBIT	Earnings before financial income and expenses and taxes.
Reportable frequency index	The number of reportable incidents (incidents resulting in absence, medical treatment, replacement work or fatalities) per million hours worked. This is a moving average over a period of twelve months.
Invested capital	Total of tangible fixed assets, investments in joint ventures, investments in associates and other equity interests, corrected for assets under construction for which no compensation has yet been received.
Net debt including guarantees	Total of long-term interest-bearing loans, current financing liabilities and issued guarantees, less cash and cash equivalents.

Semi-annual report

Financial results

Key figures (reported)

<i>In millions of euros</i>	First half of 2015	First half of 2014
Revenues	876	876
Total expenses	(395)	(357)
Operating result	481	519
Financial income and expenses	(46)	(41)
Result before taxation	435	478
Taxes	(109)	(121)
Result after taxation	326	357

Revenues

In the first half of 2015, capacity sold was at approximately the same level as in the same period in 2014. The realised revenues were practically the same as in the first half of 2014. Lower revenues due to efficiency discounts as determined by the regulators in the Netherlands and Germany were compensated for by extra revenues from new assets that have been put into operation.

Operating result

The operating result decreased by € 38 million. This is due to the higher operating costs relating to the multi-year maintenance and replacement programme of Gasunie Transport Services (GTS). In addition, due to the reduced gas production from the Groningen field, the necessary costs of bringing gas from other sources up to the desired quality level have also risen. Moreover, for the decommissioning and removal of pipeline sections for making Gasunie's infrastructure more earthquake-proof, € 22 million was charged to the result. These adjustments are being implemented under the Magnitude project. For more information, we refer to Gasunie's 2014 annual report. As a result of the above developments, the result after taxation also decreased.

The tariffs that GTS and Gasunie Deutschland can charge its customers are regulated. They are determined by the regulators in the Netherlands and Germany respectively on the basis of the expected permitted revenues and the expected capacity bookings. If the actual revenues deviate from the permitted revenues, the difference is settled in the tariffs of later years. For the energy costs of gas transport, a settlement mechanism also applies. For a more detailed explanation of our business model, we refer to the section 'Business model' in this semi-annual report and our 2014 annual report.

Expected financial results

Based on current insights, we expect revenues for the full year 2015 to be approximately € 1.6 billion, with a positive result after taxation from regular operating activities of approximately € 550 million. Investment expenditures are expected to be approximately € 350 million.

Financing

No long-term loans were contracted in the first half of 2015. However, we did contract short-term loans on the money market in the form of private loans and Euro Commercial Paper (ECP). No use was made of the € 750 million stand-by facility. In July 2015, this long-term stand-by facility was extended with one year until 24 July 2020. At the end of October, a bond loan of € 500 million will need to be repaid. The financing needed for this will be attracted after the summer.

Credit ratings

On 28 May 2015, rating agency Standard & Poor's reconfirmed our long-term credit rating of A+. At the same time, Standard & Poor's raised the outlook on our credit rating from 'stable' to 'positive'. Moody's Investors Service did not change our long-term credit rating in the first half of 2015. Our long-term credit rating from Moody's Investors Service remains A2 with a stable outlook.

Business model

Our revenues are entirely generated from activities relating to our gas infrastructure. The activities of the business units GTS and Gasunie Deutschland are largely regulated, in contrast to those of Participations & Business Development (P&BD), which are not or only partially regulated.

Regulated business model of GTS and Gasunie Deutschland

The core service provided by GTS and Gasunie Deutschland is selling available capacity in a reliable network on competitive terms. The gas can be fed into the network at entry points, and a customer can retrieve gas from the network at exit points. Customers enter into contracts with which capacity is booked at certain entry or exit points in the network for a certain period (year, quarter, month or day). Our network competes with other networks with regard to transport of international gas flows.

The tariffs that GTS and Gasunie Deutschland charge their customers are regulated. They are determined once a year by the regulator, which reviews the method of regulation every 3 to 5 years. The regulator in the Netherlands is Autoriteit Consument & Markt (ACM), and in Germany it is Bundesnetzagentur (BNetzA).

At the moment, a system of revenue regulation applies to GTS and Gasunie Deutschland: the tariffs are calculated by dividing the permitted revenues by the estimated capacity bookings. If the actual revenues deviate from this, the difference will be settled in later years.

The revenues permitted by the regulator for any year consist of a capital cost allowance for the invested capital, a reimbursement for the annual depreciation costs (calculated on the basis of the depreciation periods determined by the regulator) and a reimbursement for the operating costs. In addition, the regulator may impose an efficiency discount.

Business model of P&BD

P&BD's activities have been allocated to separate participations. These are responsible for the marketing and delivery of gas infrastructure services and for the management and maintenance of their assets.

In most cases together with other parties, we participate in a number of companies that contribute to the security of supply with regard to gas in Europe. A number of important participations are:

- Gate, an import terminal for liquefied natural gas (LNG) on the Maasvlakte in Rotterdam;
- Nord Stream, a pipeline through the Baltic Sea that connects Russia with Europe;

- BBL, a pipeline from Balgzand in the Netherlands to Bacton in the United Kingdom;
- EnergyStock, a facility for underground gas storage in Zuidwending;
- NEL, a connecting pipeline between Nord Stream and our German network (NEL is a participation of Gasunie Deutschland).

In addition, P&BD develops new, sometimes innovative, activities, for which it seeks partners to work together with. These activities are subject to requirements with regard to returns and they should contribute to Gasunie's strategy of supporting the functioning of the gas market and the transition towards a sustainable energy system.

For more information on the 'Business model', we refer to our 2014 annual report.

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 2014 annual report. For completeness, we refer to the section on risk management in our 2014 annual report.

Safety performance

In the first half of the year, our safety performance with regard to accidents at work was well below the signal value. The number of personal accidents per million hours worked, measured as the reportable frequency index, fell from 5 (end of 2014) to 3.5, whereas the signal value is 4.0. The reportable frequency index is a moving average over a period of twelve months. The value of 3.5 is therefore determined for 50% by our safety performance in the second half of 2014.

The number of pipeline damage issues without gas leaks was three, which is below the signal value for the entire year of a maximum of seven. It is a matter of concern that pipelines were damaged during digging work that was supervised by Gasunie. At the end of May, a small hole in a transport pipeline near Burgum (province of Friesland) was discovered. This was caused by local corrosion. The pipeline was depressurised and repaired at the beginning of June.

Improvement programme

In 2015 and following years, the focus will be on further improving the safety culture, safety awareness and related behaviour. Partly because of this, the safety performance has to improve structurally. For our activities in the Netherlands, we have drawn up an improvement programme. The programme aims to optimise those parts in our business operations that significantly affect safety. This particularly means paying attention to people's behaviour and the conditions that determine that behaviour. The focus will be on 'procedures and compliance', 'process-based collaboration' and 'contractor management'. In mid-2015, Gasunie Deutschland will set up a similar improvement programme.

Business units Gasunie

Gasunie Transport Services

Gas transport

On 11 February, the Minister of Economic Affairs announced his decision to reduce production from the Groningen field in the first half of 2015 to 16.5 billion m³. As a result, gas transport has changed significantly. In order to meet the demand for low-calorific Groningen gas (G-gas), much more high-calorific H-gas was converted into G-gas through quality conversion than in the second half of 2014.

The volume of transported energy decreased from 504 TWh in the first half of 2014 to 497 TWh in the first half of 2015. This is mainly due to the reduced production from the Groningen field and to the fact that the GTS network is no longer used for filling the underground gas storage in Norg. The energy costs of transport and related services were € 2 million higher than in the first half of 2014. Transport revenues are in line with the comparable period of 2014.

Production ceiling Groningen

On 23 June, a decision was made to allow production of 13.5 billion m³ in the second half of 2015. This means the maximum annual volume this year will be 30 billion m³. This restriction results in a further growing demand for quality conversion. On 22 May 2015, in the context of the National Coordination Regulation for Energy Infrastructure Projects, the Minister of Economic Affairs announced that, as of the end of 2019, the demand for conversion capacity in the Netherlands will increase to 30 billion m³ G-gas per year. GTS is therefore preparing an expansion of its quality conversion capacity. It seems logical to assume that this project could best take shape by expanding the existing nitrogen installation at Zuidbroek.

TTF

Gas that is present in the GTS system can be traded by market parties via the virtual gas trading platform TTF. The amount of gas traded via TTF again rose significantly in the first half of 2015. In the period from January to May 2015, market parties traded a total of 7,003 TWh gas via TTF, compared to 5,322 TWh in the same period of 2014. This increase was mainly due to the OTC part. In addition, we also see that the part traded via gas exchanges (ICE Endex, PEGAS) is also growing steadily.

The net TTF volume, which is the physical volume that flows via TTF, was 200 TWh, which means a slight decrease compared to the 210 TWh in the comparable period of 2014. The churn factor increased in the first five months of the year from 25.3 in 2014 to 35.0 in 2015. The churn factor indicates how often a certain amount of gas is traded on average. The higher the churn factor, the higher the liquidity, and consequently the attractiveness of a trading platform. The maximum number of TTF traders active on one day also grew further from 115 (January to May 2014) to 130 (January to May 2015).

Network Development Plan

This spring, GTS drew up its first Network Development Plan. The Network Development Plan proposes capacity measures that ensure that the necessary transport capacity will be available in the gas transport system in the Netherlands.

The Network Development Plan 2015 has a time horizon of twenty years. It contains proposals for investment measures for the coming 10 years, taking into account the period in which these measures have an economic return.

GTS has analysed three different scenarios, which showed that in the coming 10 years, given these scenarios GTS's transport system will be capable of accommodating market demand. However, there is a need for expansion of the capacity of the quality conversion installations, for which GTS is currently preparing a project (see 'Production ceiling Groningen' above). In addition, an expansion of the supply capacity may need to be realised in the future, because in the longer term, the additional gas supply will exceed the available input capacity of the system.

In its Network Development Plan, GTS made use of the input of stakeholders, which was collected during the consultation phase from 13 May to 10 June 2015. On 10 July, GTS published the Network Development Plan.

Green-gas booster

In June, network company Enexis, waste processing company Attero and GTS signed an agreement that marked the start of a unique pilot to facilitate large-scale feed-in of green gas: the Green-gas booster. This compressor connects the large regional supply of green gas with national demand. The Green-gas booster will be built near Attero's green-gas production facility in Wijster (province of Drenthe). By facilitating large-scale green-gas production, Enexis, GTS and Attero make an important contribution to the energy transition.

Verification of multi-year replacement programme

In order to replace the older parts in the regional high-pressure system (RTL), a multi-year replacement programme has been put in place. The parts that have been replaced are examined in a verification programme in order to establish whether the condition of the parts matches expectations. So far, the results of the verification programme justify the scale and speed of the replacement.

Regulation

ACM has started preparing for the new regulatory period that starts on 1 January 2017. To this end, the first sounding board meeting was held in June, at which ACM, network operators and representative organisations were present.

Split of GTS

We are planning to split GTS into two separate network operators as of 1 January 2016: a network operator for the national main transport system (HTL) and a network operator for the regional high-pressure system (RTL). The HTL network operator (GTS) and the new RTL network operator to be set up, Gasunie Grid Services B.V. (GGS), will both be 100% subsidiaries of Gasunie.

This split aims to enable a further move in serving the market more effectively. The role and focus of the HTL and RTL transport systems will increasingly diverge. In due course, the split will allow costs and tariffs to be determined in a more transparent and clear-cut way. As a result, in the future, customised tariffs will be able to be used for the users of the two transport networks.

The intended split is of an administrative-legal nature and will not affect the operating costs of both network operators. Nor will the split have any consequences for the ease with which network users can make use of the Dutch gas roundabout. The split will also ensure that both network operators will be more comparable with foreign network operators. This is relevant, amongst other things, in the context of transparent and objective international cost comparisons, which the Dutch regulator currently carries out in a European context.

Gasunie Deutschland

Gas transport

In Germany, too, the amount of gas transported in the first half of 2015 decreased. Through Gasunie Deutschland's network, 110 TWh gas was transported (2014: 117 TWh). In January and February, a striking change in gas flows was observed in North Germany. The import volumes via Nord Stream were very low, and significantly more gas came from Norway and the storages in the German transport network. At the beginning of March this changed again, and the import volumes via Nord Stream increased to the maximum technical capacity.

In Germany, energy costs of transporting the gas increased from € 4 million in the first half of 2014 to € 5 million in the last six months. The change in gas flows in the first two months required the continuous deployment of the new compressor station in Embsen in order to be able to transport the Norwegian gas through the NEL.

Transport revenues

The trend of shippers mainly booking short-term capacity at border points has continued into 2015. Based on the experiences in 2014, this booking behaviour has been taken into account in the tariffs for 2015. The entry tariffs have been raised slightly compared to 2014. The current turnover level is as expected and in line with the revenues ceiling permitted by the German regulator, the Bundesnetzagentur (BNetzA).

Regulation

In April 2015, BNetzA published its 'Beate' decision. This decision relates to the tariffs for both short-term bookings and entry and exit points of gas storages. As a result, long-term bookings are becoming more attractive again compared to short-term bookings. The change in the tariff system that is part of the decision will have to be implemented as of 1 January 2016.

In 2014, BNetzA evaluated the effects of the revenue regulation. At the beginning of 2015, the German Ministry for Economic Affairs and Energy (BMWi) was subsequently advised to stabilise the general regulatory framework. The BMWI followed up this advice and announced in March that this framework will be adjusted to this end. A first draft is expected this summer. The adjustments will need to be approved by the *Bundesrat*. Implementation is expected in the next regulatory period (as of 2018) at the latest.

Projects

The Exit Ellund (ExEll) expansion project suffered some delays at the beginning of this year with regard to the construction of both the Quarnstedt compressor station and the pipeline between Fockbeck and Ellund on the Danish border. Heavy rainfall was one of the causes. Both parts of the project are now again making steady progress. Completion of the pipeline is planned for the third quarter this year, while the compressor station is expected to be completed in the first quarter of 2016.

The start of the construction of the new Elbe culvert was characterised by challenges dictated by the geological circumstances. After the first few hurdles had been taken, the tunnel was completed on time. This culvert will be of great importance for the gas transport to Hamburg, Schleswig-Holstein and Scandinavia. In addition, it is important for the Scandinavian telecom market. Both Gasunie pipelines that run through the tunnel were installed and connected in May. The new culvert will be put into operation as of the second half of 2015. The next step in this project will be the technically challenging removal of the old culvert. This will take place in the summer, and is expected to be completed before 1 October 2015.

GASPOOL

In the first six months, the traded volume on the virtual gas trading platform increased by approximately 20% compared to 2014, reaching 755 TWh. The churn factor, particularly the one for H gas, showed a continuous upward trend from the beginning of 2015. In April the churn factor reached its highest value: 4.24. The churn factor for low-calorific gas rose to 2.07 in June.

L gas market conversion

Due to the reduced production of low-calorific gas in both Germany and the Netherlands, Gasunie Deutschland is arranging the conversion of market areas from low-calorific gas (L gas) to high-calorific H-gas. The first project in Gasunie Deutschland's network has made a successful start and is likely to be completed in October this year. The next conversion projects have already been announced, and the relevant agreements with neighbouring network operators have been entered into in line with the German 'Netzentwicklungsplan' (NEP).

Participations & Business Development

With their diverse activities, Gasunie's participations make a significant contribution to the security of supply of natural gas in the Netherlands. By being connected to the global natural gas supplies, the Netherlands is attracting gas flows both for its own use and for the rest of Western Europe.

Gasunie New Energy

One of our strategic pillars is the transition towards a more sustainable energy supply. The New Energy department focuses on developing projects to increase the share of green gas in the energy mix and to arrive at efficient sustainable system solutions for electricity, heat and gas. Together with strategic partners, we are working on scaling up technologies and concepts on the basis of new, sustainable business models.

On 8 March 2015, a Green Deal was signed between, amongst other parties, the government, HarvestaGG and Gasunie. In a Green Deal, businesses, government and knowledge organisations work together on initiatives that support the development of a green economy. In this case, the aim is to establish a Green Goods Farm, which not only produces energy, but also feed for cattle and compost pallets. An important part of this concept is the conversion of biogas to liquefied green gas, or bio-LNG. Gasunie wishes to support this innovative project and intends to invest in the upgrading and liquefaction plant, and deliver the conversion service.

EnergyStock

On 10 March, EnergyStock sold storage services from the Zuidwending natural gas buffer to the amount of 0.9 TWh. These services could in part be offered thanks to the additional volume that became available in this underground gas storage facility as a result of the leaching project in the autumn of 2014.

Given the growing dynamic on the trading markets and the reduced production from the Groningen field, the expected market perspective for fast cycle storage services such as EnergyStock is more favourable than that of seasonal storage.

Gate terminal

On 31 March, Gate terminal gave the starting signal for the construction of the LNG break bulk facility in the port of Rotterdam. The break bulk facility will split up large LNG loads into smaller ones. This will make it possible to distribute LNG and use it as a cleaner fuel for maritime vessels, ferries, trucks and industrial applications. Havenbedrijf Rotterdam has started digging work for a new harbour basin next to Gate terminal. It is expected that this new facility will give a boost to

the use of liquefied natural gas (LNG) as a clean and affordable fuel for the transport sector in the Netherlands and north-west Europe. Completion of construction, putting the facility into operation and the first loading activities are planned for mid-2016.

On 1 April, the last minority shareholder made use of its right to sell its shares in this phase. Gasunie LNG Holding B.V. and VOPAK LNG Holding B.V. had pre-emptive rights to purchase these shares, and both made use of these rights. The two companies now each own 50% of the shares in Gate terminal.

Vertogas

As of 1 January 2015, the role of Vertogas as certifier of Renewable Gas (green gas) has changed. As of 1 January, Vertogas acts on behalf of the Minister of Economic Affairs, and carries out its duties on the basis of the new energy legislation, in which the certification of renewable energy has also been included. This makes the green-gas market more transparent, and assures that green gas in the market has indeed been realised in a sustainable manner.

Statement of the Executive Board

(as defined by Section 5:25d, paragraph 2(c) of the Dutch Financial Supervision Act)

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

1. the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and result of the company and the undertakings included in the consolidation taken as a whole; and that
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.

J.J. Fennema, Chairman

I.M. Oudejans

Groningen, the Netherlands

23 July 2015

Consolidated semi-annual financial statements

Condensed consolidated balance sheet (before profit appropriation)

<i>In millions of euros</i>	Notes	30 June 2015	31 December 2014
Assets			
Fixed assets			
- tangible fixed assets		9,101.1	9,098.1
- intangible fixed assets		1.0	1.9
- investments in joint ventures	2	178.5	152.6
- investments in associates		12.8	11.7
- other equity interests	6	441.7	424.4
- deferred tax assets		332.7	342.9
Total fixed assets		10,067.8	10,031.6
Total current assets		169.3	267.6
Total assets		10,237.1	10,299.2
Equity and liabilities			
Total shareholder's equity		5,501.3	5,505.1
Long-term liabilities			
- interest-bearing loans	3	2,696.4	3,407.1
- employee benefits	4	81.4	88.3
- other long-term liabilities	5	282.3	272.4
Total long-term liabilities		3,060.1	3,767.8
Current liabilities			
- current financing liabilities		1,408.0	696.6
- trade and other payables		267.7	329.7
Total current liabilities		1,675.7	1,026.3
Total equity and liabilities		10,237.1	10,299.2

Condensed consolidated profit and loss account

<i>In millions of euros</i>	Notes	First half of 2015	First half of 2014
Continuing operations			
Revenues	7	875.9	875.9
Capitalised expenditure		43.1	43.7
Staff costs and other operating expenses		(293.4)	(257.4)
Depreciation		(144.8)	(142.8)
Total expenses		(395.1)	(356.5)
Operating result	7	480.8	519.4
Finance income and costs		(65.8)	(61.0)
Share in result of joint ventures		19.3	18.9
Share in result of associates		1.0	0.3
Dividend received on investments in other equity interests		0.0	0.0
Result before taxation		435.3	477.6
Taxes		(109.4)	(120.6)
Result after taxation		325.9	357.0
Result for the period		325.9	357.0
Result attributable to shareholder		325.9	357.0

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 2015						
Total of results taken to the profit and loss account (result for the period)		-	-	-	325.9	325.9
Balance of actuarial gains and losses on employee benefits, of which corporate income tax	4	-	-	8.9 (2.5)	-	8.9 (2.5)
Total of results taken to equity which will not be reclassified subsequently to the profit and loss account		-	-	6.4	-	6.4
Movement in other equity interests stated at fair value	6	-	17.3	-	-	17.3
Movements concerning joint ventures and associates		9.3	-	0.1	-	9.4
Total of results taken to equity which will be reclassified subsequently to the profit and loss account		9.3	17.3	0.1	-	26.7
Movement in cash flow hedge reserve, of which corporate income tax		(0.9) 0.2	-	-	-	(0.9) 0.2
Total of results which have been reclassified to the profit and loss account		(0.7)	-	-	-	(0.7)
Total of comprehensive income		8.6	17.3	6.5	325.9	358.3

<i>In millions of euros</i>	Notes	Cash flow hedge reserve	Fair value reserve	Other reserves	Unappro- priated result	Total
First half of 2014						
Total of results taken to the profit and loss account (result for the period)		-	-	-	357.0	357.0
Balance of actuarial gains and losses on employee benefits,	4	-	-	(8.4)	-	(8.4)
of which corporate income tax		-	-	2.5	-	2.5
Total of results taken to equity which will not be reclassified subsequently to the profit and loss account		-	-	(5.9)	-	(5.9)
Movement in other equity interests stated at fair value	6	-	18.0	-	-	18.0
Movements concerning joint ventures and associates		(10.3)	-	-	-	(10.3)
Total of results taken to equity which will be reclassified subsequently to the profit and loss account		(10.3)	18.0	-	-	7.7
Movement in cash flow hedge reserve, of which corporate income tax		(0.9) 0.2	- -	- -	- -	(0.9) 0.2
Total of results which have been reclassified to the profit and loss account		(0.7)	-	-	-	(0.7)
Total of comprehensive income		(11.0)	18.0	(5.9)	357.0	358.1

The total of comprehensive income for the first half of 2015 and 2014 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 2015						
Balance as at 1 January	0.2	(54.3)	251.6	4,704.1	603.5	5,505.1
Total of comprehensive income for the financial year	-	8.6	17.3	6.5	325.9	358.3
Dividend paid for 2014	-	-	-	-	(362.1)	(362.1)
Added to other reserves	-	-	-	241.4	(241.4)	-
Balance as at 30 June	0.2	(45.7)	268.9	4,952.0	325.9	5,501.3
First half of 2014						
Balance as at 1 January	0.2	(34.7)	206.6	4,577.4	464.4	5,213.9
Total of comprehensive income for the financial year	-	(11.0)	18.0	(5.9)	357.0	358.1
Dividend paid for 2013	-	-	-	-	(325.1)	(325.1)
Added to other reserves	-	-	-	139.3	(139.3)	-
Balance as at 30 June	0.2	(45.7)	224.6	4,710.8	357.0	5,246.9

Condensed consolidated cash flow statement

<i>In millions of euros</i>	Notes	First half of 2015	First half of 2014
Cash flow from business operations		704.7	715.7
Interest, corporate income tax and other		(179.4)	(181.8)
Cash flow from operating activities		525.3	533.9
Cash flow from investing activities		(180.3)	(238.8)
Repayment of long-term loans	3	(10.7)	(10.7)
Movement in short-term financing		11.4	52.4
Dividend paid		(362.1)	(325.1)
Cash flow from financing activities		(361.4)	(283.4)
Movement in cash and cash equivalents		(16.4)	11.7
Cash and cash equivalents at previous year-end		47.5	36.2
Cash and cash equivalents at end of period		31.1	47.9
		(16.4)	11.7

Notes to the condensed consolidated financial statements

The semi-annual financial statements in English are a translation of the official Dutch version adopted by the Executive Board. In the event of differences and/or inconsistencies between the English version of the semi-annual financial statements 2015 and the original Dutch semi-annual financial statements 2015, the latter will take precedence.

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 TWh (125 billion m³). Gasunie serves the public interest in the markets in which 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 as at the balance sheet date are held by the Dutch State.

Seasonal influence

The core activity of Gasunie Transport Services B.V., Gasunie Deutschland Transport Services GmbH and BBL Company V.O.F. is the transport of gas through their gas transport network. The revenues consist of the sale of the available transport capacity and transport-related services. Our customers can enter into contracts that allow them to book capacity at certain entry or exit points in the gas transport network for a certain period (year, quarter, month or day). There is a seasonal pattern in the regional transport capacity contracted by our customers in the Netherlands: in the winter, more capacity is contracted than in the summer. The revenues are realised through the transport capacity sold and are independent of the actual transported volume. In contrast, in particular the costs of network operations do depend on the transported volume.

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 the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The accounting policies adopted in the preparation of the consolidated semi-annual financial statements 2015 are consistent with those followed in the preparation of the consolidated financial statements 2014, except for the adoption of new standards and interpretations effective as of the financial year 2015.

The following new standards and interpretations, which have been endorsed within the European Union, became effective as of the financial year 2015:

- Improvements to International Financial Reporting Standards (2011-2013)

The adoption of the aforementioned standards and interpretations has no material effect on the company's equity and result, and will not require additional disclosures.

Statement of compliance

The semi-annual financial statements have been prepared in accordance with the IFRS 'Interim Financial Reporting' standard (IAS 34), as adopted by the European Union and applicable as at 30 June 2015.

The semi-annual statements have not been audited, but have been reviewed by the independent auditor.

Management judgements and estimates

In preparing the semi-annual financial statements, management makes estimates and assessments which affect the assets and liabilities presented as at the balance sheet date and the result for the reporting period.

The judgements and estimates have a significant effect on the valuation of fixed assets, the provision for clearance costs and redevelopment, deferred taxation, pensions and other equity interests, and on the classification of equity interests in the context of IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements.

Notes

1. Impairment tests

Whenever there is a triggering event, the company tests 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 of disposal 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 the economic horizon. There are no indications that the fair value less costs of disposal is higher than the value in use.

When carrying out an impairment test, management makes assumptions, including regarding short- and long-term developments in the relevant 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.

Both in the Netherlands and in Germany, the carrying amount and the recoverable amount of the gas transport network are almost equal. This means that material downward changes in the recoverable amount as a result of, for example, method decisions for a next regulatory period can only be accommodated to a limited degree and may lead to an impairment loss.

When preparing the consolidated semi-annual financial statements for 2015, 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 and in Germany.

2. Acquisitions

In the first half of 2015, N.V. Nederlandse Gasunie increased its 47.6% interest in Gate terminal C.V. to 50% through Gasunie LNG Holding B.V. The acquisition price was € 10.6 million. This concerns the buy-out of a joint venture partner. Gate terminal C.V. has a 100% interest in Gate terminal B.V.

3. Interest-bearing loans

The total amount of € 2,696.4 million (year-end 2014: € 3,407.1 million) of long-term loans comprises € 2,050.0 million (year-end 2014: € 2,750.0 million) of long-term bonds and € 646.4 million (year-end 2014: € 657.1 million) of private loans.

The movements in interest-bearing loans are as follows:

<i>In millions of euros</i>	First half of 2015	2014
Balance as at 1 January	3,407.1	3,878.6
Private loans contracted	-	50.0
Repayment obligations in next financial year	(710.7)	(521.5)
Balance as at 30 June/31 December	2,696.4	3,407.1

The future repayments are as follows:

<i>In millions of euros</i>	30 Jun. 2015	31 Dec. 2014
Repayment obligations in		
2015	510.8	521.5
2016	721.4	721.4
2017	771.4	771.4
2018	21.4	21.4
2019	21.5	21.5
2020	21.4	21.4
After 2020	1,850.0	1,850.0
Total repayment obligations	3,917.9	3,928.6

The company has a current account facility of € 25 million (year-end 2014: € 25 million) and a committed credit facility of € 750 million (year-end 2014: € 750 million). As at 30 June 2015 and year-end 2014, no funds were drawn under these facilities. The interest payable on the funds drawn under the facilities is based on prevailing market rates.

In addition to the above-mentioned facilities, the company has a € 750 million Commercial Paper programme (year-end 2014: € 750 million) and a € 7.5 billion Medium Term Note (MTN) programme (year-end 2014: € 7.5 billion). Under the MTN programme, € 4.25 billion is available for new issues as at 30 June 2015.

No securities have been provided by N.V. Nederlandse Gasunie for the interest-bearing loans and other facilities.

4. Employee benefits

The pension liabilities are valued annually in the second half of the year in accordance with IAS 19 Employee Benefits (Revised). As at the balance sheet date, an indicative calculation of pension liabilities has been made, taking into account currently available data. The difference between the outcome of this indicative calculation and the calculation made when the financial statements 2014 were prepared is considered to be material with regard to the company's equity. As a result, the pension liabilities were revised as at 30 June 2015.

Except for the discount rate, the assumptions underlying the calculation of the pension liabilities did not change compared to the financial statements 2014. The discount rate changed from 2.3% to 2.7%.

The provision for pension liabilities relates to the pension scheme of employees who joined Gasunie Deutschland before 2012. It is treated as a defined benefit pension scheme.

The provision for pension liabilities for employees in Germany concerns the present value of the pension entitlements as at 30 June 2015 of € 71.2 million (year-end 2014: € 78.1 million).

The total actuarial result for the first half of 2015 taken directly to equity is € 8.9 million positive (first half of 2014: € 8.4 million negative).

As at 30 June 2015, the accumulated actuarial gains and losses taken directly to equity total € 19.0 million negative (year-end 2014: € 27.9 million negative).

5. Other long-term liabilities

The 'other long-term liabilities' consist of 'deferred tax liabilities' and 'provisions'. In the first half of 2015, a new provision was recognised with regard to the Magnitude project.

Magnitude project

The province of Groningen has been confronted with an increasing number of earthquakes caused by gas extraction. Moreover, the strength of these earthquakes is also increasing. The Ministry of Economic Affairs has informed Gasunie Transport Services B.V. that, for the time being, the maximum force of earthquakes is assumed to be 5.0 on the Richter scale. When the gas transport system was constructed, however, no account was taken of earthquakes of that magnitude. For this reason, Gasunie Transport Services B.V. commissioned studies into possible measures it can take to ensure that its infrastructure can withstand these forces.

On the basis of these studies, it was concluded that a large majority of the pipelines can withstand earthquakes of the maximum magnitude expected over the coming years. However, for approximately 4% (about 80 kilometres) of the regional grid of Gasunie Transport Services B.V. in the earthquake zone, this cannot be guaranteed. This concerns pipelines constructed before 1964, which were taken over by N.V. Nederlandse Gasunie when it was founded. It has been decided to make preventive adjustments to this part of the pipeline network. For the decommissioning and removal of these pipeline sections, a provision has been recognised of € 22 million, charged to the result of the first half of 2015.

6. Financial instruments

The following methods are applied by N.V. Nederlandse Gasunie 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 excluding repayment obligations on long-term loans, 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 expected cash flows. In determining the discount rate, the risk profile, including the credit risk, of the other equity interests has been taken into account;

- The interest-bearing loans and repayment obligations on long-term 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 has been calculated by discounting the future cash flows against the current yield curve. In determining the discount rate, the own risk profile, including the credit risk, has been taken into account; and
- The derivative financial instruments that oblige the company to deliver financial assets at a predetermined price are stated at the fair value of the underlying financial assets, determined on the basis of the present value of the expected cash flows, taking into account the contractual provisions agreed between the parties about the valuation technique and other important input data. The counterparty risk is also taken into account.

N.V. Nederlandse Gasunie uses the following hierarchy of methods to determine and measure the fair value of the derivative 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 of euros</i>	Total	Level 1	level 2	Level 3
30 Jun. 2015				
- other equity interests	441.7	-	-	441.7
- derivative financial instruments	12.3	-	-	12.3
31 Dec. 2014				
- other equity interests	424.4	-	-	424.4
- derivative financial instruments	11.4	-	-	11.4

The other equity interests concern an interest of 9% in Nord Stream AG, an interest of 13.5% in PRISMA European Capacity Platform GmbH, and an interest of 12.5% in Energie Data Services Nederland (EDSN) B.V.

The interest in Nord Stream AG is stated at fair value, taking account of a 7.5% post-tax discount rate (year-end 2014: 7.5% post-tax) on the expected cash flows. The expected 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 € 29 million (year-end 2014: € 31 million).

The valuation is based on the present value of the cash flows, using a calculation model which is updated by Nord Stream AG every year in the context of the business plan. This model is presented for assessment and approval to the shareholders of Nord Stream AG. The model is subsequently tested by the management of N.V. Nederlandse Gasunie on the basis of Nord Stream AG's periodic reports.

In the first half of 2015, a 12.5% share was sold of the 25% interest in Energie Data Services Nederland (EDSN) B.V. As a result, Energie Data Services Nederland (EDSN) B.V. was reclassified from 'associate' to 'other equity interest'. The transaction has had no impact on the result.

The interests in PRISMA European Capacity Platform GmbH and Energie Data Services Nederland (EDSN) B.V. are stated at fair value. Given the relatively limited materiality of these equity interests, a sensitivity analysis of the fair value calculation has not been included.

The movements in other equity interests are as follows:

<i>In millions of euros</i>	First half of 2015	2014
Balance as at 1 January	424.4	418.1
Movement in fair value taken directly to equity	17.3	45.0
Disposals	-	(38.7)
Balance as at 30 June/31 December	441.7	424.4

N.V. Nederlandse Gasunie has an interest of 20.9% in the associate ICE Endex Holding B.V. Together with the other shareholder of ICE Endex Holding B.V., N.V. Nederlandse Gasunie has entered into a 5-year option agreement, which came into effect on 26 March 2015. On the grounds of this agreement, the company has the right to sell its 20.9% interest to the other shareholder on the basis of the value of the shares at that time, to which a minimum and a maximum value apply. In addition, it has been agreed that the other shareholder has the right to buy the 20.9% interest from N.V. Nederlandse Gasunie at the value of the shares at that time, to which a minimum and a maximum value also apply. The value of the shares in ICE Endex Holding B.V. is based on the present value of the expected cash flows, taking into account the contractual provisions agreed between the parties about the valuation technique and other important input data. As at the balance sheet date, the value of the shares in ICE Endex Holding B.V. exceeds the agreed maximum selling price. As a result, as at 30 June 2015, the option agreement has a negative value of € 12.3 million (year-end 2014: € 11.4 million). This value is included in 'derivative financial instruments' under 'trade and other payables' on the balance sheet. The change in value of the option agreement of € 0.9 million negative (first half of 2014: nil) is included under 'finance income and costs' in the profit and loss account.

The table below compares the carrying amount and fair value of those financial instruments whose carrying amount does not approximate the fair value:

<i>In millions of euros</i>	30 Jun. 2015		31 Dec. 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing loans	2,696.4	3,084.5	3,407.1	3,919.0
Repayments on long-term loans	1,221.5	1,250.6	521.5	523.7

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 north-west 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 arrangements relating to pipelines that connect the Gasunie transport network with foreign markets, such as the BBL pipeline to the United Kingdom.

Information on revenues and result

<i>In millions of euros</i>	Revenues		Segment result	
	First half of 2015	First half of 2014	First half of 2015	First half of 2014
Segments				
- Gasunie Transport Services	653.0	656.2	330.2	370.5
- Gasunie Deutschland	142.1	138.7	74.8	76.1
- Participations & Business Development	113.5	112.7	75.8	72.8
Inter-segment	(32.7)	(31.7)		
Segment total	875.9	875.9	480.8	519.4
Financial income and expenses			(45.5)	(41.8)
Result before taxation			435.3	477.6
Taxes			(109.4)	(120.6)
Revenues and result after taxation for the period	875.9	875.9	325.9	357.0

During the first half of 2015, the Gasunie Transport Services segment provided inter-segment services to the value of € 0.6 million (first half of 2014: € 0.3 million), the Gasunie Deutschland segment provided € 0.1 million (first half of 2014: € 0.2 million) and the Participations & Business Development segment provided € 32.0 million (first half of 2014: € 31.2 million).

The Executive Board,

J.J. Fennema, Chairman

I.M. Oudejans

Groningen, the Netherlands

23 July 2015

Review report

To: The Executive Board of N.V. Nederlandse Gasunie

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2015 as included in the semi-annual report 2015 of N.V. Nederlandse Gasunie, Groningen, which comprises the condensed consolidated balance sheet as at 30 June 2015, the condensed consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of movements in equity, the condensed consolidated cash flow statement and the selected explanatory notes for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information 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 company. 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 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 condensed consolidated interim financial information for the six-month period ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Groningen, 23 July 2015

PricewaterhouseCoopers Accountants N.V.

Original has been signed by: drs. J. van Hoof RA

(This review report is a translation of the original review report accompanying the original condensed consolidated financial information both stated in Dutch. This original review report can be found on the website of N.V. Nederlandse Gasunie)