

Press release

Results for 1st half of 2007 – 23 August 2007

- **Natural gas sales decreased by 21.3%**
 - **Sales in Belgium down 22.8%, due to very mild temperatures in the first half of the year and lower sales to electricity producers.**
 - **Sales outside Belgium basically unchanged from last year.**
- **Current operating result (EBIT) fairly stable despite the lower sales, mainly due to positive non-recurring elements. Operating result is sharply down however (by 23.3%) due to accounting effects caused by the variation in the fair value of raw material contracts (IAS 39).**
- **Consolidated net result (group's share) €146.7 million, down by 19,8% in comparison with the same period in 2006.**

1. Key events

January - **Full opening of the Belgian market**

On January 1st 2007 the Belgian market for natural gas became fully open to competition. As of that date, all consumers are free to choose their natural gas supplier.

March - **Qatari contract gets under way**

On March 29th 2007, the first cargo of LNG from Qatar under the new long-term contract was delivered at Zeebrugge. According to this contract, 2.75 billion m³ of natural gas will be supplied annually to Distrigas over the next 20 years. The LNG from Qatar contributes to a better geographical diversification of the sourcing of Distrigas's portfolio.

April - May - **Sale of LNG cargoes to the USA**

Taking advantage of opportunities on the North American market, Distrigas supplied two cargoes of LNG to the Lake Charles terminal in the Gulf of Mexico. The "Methania" unloaded two cargoes of 130 000 m³ of LNG, the first on April 9th, followed by another delivery a few weeks later on May 20th.

April - May - **EU**

In the course of 2006, Distrigas proposed certain commitments to the European Commission designed to address the Commission's competition concerns expressed in the context of its investigation into Distrigas' gas supply contracts with industrial customers in Belgium. These commitments were welcomed by the Commission and submitted to a market test. The commitments should allow the Commission to close this case in the course of the coming months by means of a formal decision approving the commitments proposed by Distrigas.

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June - Access to the Fos Cavaou terminal (France)

Distrigas and three other European energy companies won a call for tender and gained access to capacity at the Fos Cavaou terminal, near Marseille. Under the terms of this agreement Distrigas will be able to unload LNG at Fos between 2008 and 2011, enabling it to develop further its commercial activities in the South of France.

2. Natural gas sales: - 21.3%

Distrigas' total natural gas sales decreased by more than 20% in the first half of 2007 compared with the same period in 2006.

The decrease was mainly due to the very mild weather early in the year, combined with a fall in sales to power producers.

In TWh	1st half 06	1st half 07	Difference
Resellers	43.3	33.1	-23.6%
Industry	25.6	24.8	-3.1%
Power producers	24.6	14.3	-41.9%
Sales in Belgium	93.5	72.2	-22.8%
Sales outside Belgium	16.3	16.2	-0.6%
Arbitrage	6.8	3.4	-50.0%
Sales outside Belgium and arbitrage	23.1	19.6	-15.2%
Total	116.6	91.8	-21.3%
Total in billion m ³ (1 m ³ (n) = 0.01163 MWh)	10.0	7.9	

2.1. Sales in Belgium: - 22.8%

▪ **Sales to resellers**

Since the Belgian market became fully open on 1 January of this year, Distrigas sales in the segment of residential customers and small and medium-sized industrial accounts are made to "resellers" who in turn supply customers connected to the distribution network.

Since these customers mainly use natural gas for home heating, this segment is the most sensitive to variations in temperature. The fall of 23.6% reflects the particularly mild weather during the first half of the year. According to the Royal Meteorological Institute, record high temperatures were observed during the first months of the year. Compared with a 'normal winter', the downward sales impact was 8.4 TWh during the first six months of 2007 while an opposite impact of 1.8 TWh occurred during the same period in 2006, that was colder than a 'normal winter'.

▪ **Sales to industrial customers: - 3.1%**

Liberalised since 2001, this segment shows the keenest competition. It is less influenced by temperature. Overall, sales to industry were rather similar to those during the same period last year.

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▪ **Sales to power producers: - 41.9%**

Sales to electricity generators have fallen significantly. There have no longer been any LNG deliveries specifically for power production.

2.2. Sales outside Belgium and arbitrage: - 15.2%

Distrigas remains very active outside its home market, mainly in Luxembourg, France and since last year also in the Netherlands and Germany. Sales outside Belgium during the first half of the year remained at the same level as during the same period last year. By contrast, arbitrage sales decreased sharply, by 50%.

3. Evolution of energy prices

As last year, worldwide energy markets worldwide came under heavy pressure, with oil prices (Brent crude, ICE London) regularly peaking above \$ 70 per barrel.

Despite these pressures the average price for natural gas did not rise as much as for competing products. Furthermore, recent studies have shown that Belgian natural gas prices for industrial customers are still among the most competitive in Europe.

4. Consolidated half-yearly results

The Auditors have confirmed that the accounting information provided in this press release does not give rise to any qualification on their behalf and conforms to the financial situation as approved by the Board of Directors.

The consolidated half-yearly financial information was drawn up in accordance with the accounting principles of IAS/IFRS (International Financial Reporting Standards), as adopted in the European Union.

It was also prepared on the basis of the same accounting methods as those used to draw up the half-yearly consolidated financial statements closed at June 30th 2006. No new standard or interpretation has been applied since January 1st 2007 and the consolidation scope has not been modified.

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□ **Key figures**

in million EUR	30.06.2006	30.06.2007	Variation
Income from ordinary activities	2,617.21	2,135.58	-481.63
Current operating result (EBIT)	186.00	193.17	7.17
Operating result (*)	253.82	194.68	-59.14
Net financial result	9.17	18.23	9.06
Operating result including net financial result	262.99	212.91	-50.08
Share in results of associated companies accounted for by the equity method	0.08	0.22	0.14
Pre-tax result	263.07	213.13	-49.94
Taxes	-78.88	-65.23	13.65
Net result for the period	184.19	147.90	-36.29
Minority interest	1.18	1.18	0.00
Group's share in the net result for the period	183.01	146.72	-36.29
Net earnings per share (in EUR)	260.46	208.81	-51.65

(*) Includes the current operating result and the variation in fair-value of financial instruments relating to purchases and sales of energy.

□ **Comments on the key figures and the mid-2007 balance sheet**

Income from ordinary activities (turnover)

During the first six months Distrigas recorded a consolidated turnover of € 2,135.58 million, compared with € 2,617.21 million for the same period last year. The decrease of 18% is entirely due to the lower volumes sold in 2007, as previously mentioned. The fall in turnover was important in Belgium, while turnover abroad actually rose slightly.

Current operating result (EBIT)

The current operating result remains fairly stable compared with the situation on June 30th 2006, amounting to € 193.17 million.

The first half of 2007 was characterised by the decrease in turnover, with a direct impact on the operating margin. Furthermore, there were only limited possibilities for arbitrage because of the mild temperatures, the lower consumption and the relatively low spot prices during the first semester.

However, the current operating result was positively influenced to a large extent by non-recurring elements, namely the write-back of provisions.

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Operating result

The operating result is down by 23.3%, to € 194.68 million.

In addition to the variation in the current operating result (EBIT) the operating result is determined by the variation in the fair value of operating financial instruments (including some raw materials contracts), which are valued or revalued on the closing date (cf. IAS 39).

As a result of variations in the underlying raw material prices (mainly gas and oil prices) during the first half of 2007, the fair value of these financial instruments increased only slightly at June 30th 2007 (by € 1.5 million), while the variation over the period last year was much more positive (up by € 67.8 million).

Result for the period

Taking into account the improvement by € 9.06 million in the financial result and the decrease of € 13.65 million in taxes, the net result amounts to € 147.90 million, down € 36.29 million or 19.7% compared with the situation as of 30 June 2006. The group's share in this result is € 146.72 million.

Balance sheet (see annexes)

The balance sheet total is € 2,498.03 million, a fall of € 477.51 million compared with the situation on 31 December 2006.

A large part of this variation is due to the seasonal nature of gas sales, which implies a reduction in gas stocks and lower trade debts/claims in comparison with the situation at the end of last year. There have also been negative impacts following the application of the IAS 39 accounting standard; however, this has been more than offset by the increased cash flow and the revaluation of "participations available for sale."

Cash flow (see annexes)

The cash and cash equivalents available to DISTRIGAS amount to € 1,117.98 million, compared with € 976.57 million at the start of accounting year 2007.

The operating activities, together with the positive variation in working capital, generated cash flows amounting to € 272.83 million during the first half of 2007. The financial cash flow for its part was negative, by € 120.41 million, due to the payment in May of the dividend for the financial year 2006.

5. Prospects for 2007

As can be seen from the half-yearly results, DISTRIGAS' results are heavily dependent on external factors such as temperature, volatility of raw material prices, competition, further developments in the regulatory environment on a regional, national as well as European level.

In line with its strategy, DISTRIGAS will continue to take advantage of growth opportunities on the European market.

Taking all these factors into consideration, indications for evolution and future results are difficult to provide.

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□ **Annexes: Consolidated accounts**

Summary of the consolidated balance sheet

in million EUR	31.12.2006	30.06.2007	Variation
NON-CURRENT ASSETS	676.67	702.62	25.95
Intangible and tangible assets	345.14	338.53	-6.61
Financial lease receivables	151.60	151.60	0.00
Participations available for sale	97.00	160.69	63.69
Derivative instruments	72.52	34.22	-38.30
Other non-current assets	10.41	17.58	7.17
CURRENT ASSETS	2,298.87	1,795.41	-503.46
Inventories	227.44	120.99	-106.45
Financial lease receivables	17.03	14.22	-2.81
Trade and other receivables	738.50	325.43	-413.07
Derivative instruments	330.68	210.38	-120.30
Cash and cash equivalents	976.57	1,117.98	141.41
Other current assets	8.65	6.41	-2.24
TOTAL ASSETS	2,975.54	2,498.03	-477.51
EQUITY	1,099.63	1,189.41	89.78
Share capital	66.23	66.23	0.00
Reserves	1,019.88	1,108.48	88.60
Minority interests	13.52	14.70	1.18
NON-CURRENT LIABILITIES	430.63	383.83	-46.80
Provisions, pensions and similar benefits	7.00	4.75	-2.25
Leasing liabilities	168.51	168.51	0.00
Other financial liabilities	58.13	58.09	-0.04
Deferred tax liabilities	89.81	89.74	-0.07
Derivative instruments	107.18	62.74	-44.44
CURRENT LIABILITIES	1,445.28	924.79	-520.49
Provisions	64.71	0.73	-63.98
Leasing liabilities	15.75	7.88	-7.87
Other financial liabilities	82.25	79.51	-2.74
Trade and other debts	819.11	499.12	-319.99
Derivative instruments	444.25	316.99	-127.26
Other non-current liabilities	19.21	20.56	1.35
TOTAL LIABILITIES	2,975.54	2,498.03	-477.51

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Consolidated statement of changes in equity

The consolidated equity varied as follows during the first half year:

in million EUR	Share capital	Reserves				Minority interests	Total
		Reserve of participations available for sale	Reserve relating to hedging instruments	Other reserves	Total reserves		
Book value at 31.12.2006	66.23	38.47	-8.50	989.91	1,019.88	13.52	1,099.63
Dividends paid out	0.00	0.00	0.00	-131.93	-131.93	0.00	-131.93
Net result for the period	0.00	0.00	0.00	146.72	146.72	1.18	147.90
Variation in fair value of participations available for sales	0.00	63.69	0.00	0.00	63.69	0.00	63.69
Variation in fair value of hedging instruments	0.00	0.00	7.97	0.00	7.97	0.00	7.97
Other variations	0.00	0.00	0.00	2.15	2.15	0.00	2.15
Book value at 30.06.2007	66.23	102.16	-0.53	1,006.85	1,108.48	14.70	1,189.41

Summary of the consolidated cash flow statement

in million EUR	30.06.2006	30.06.2007
Cash and cash equivalents at opening	954.47	976.57
Operational activities	36.43	272.83
Investments	-1.69	-9.06
Financing	-126.86	-120.41
Currency exchange rates and perimeter changes	0.17	-1.95
Net cash increase/decrease	-91.95	141.41
Cash and cash equivalents at closure	862.52	1,117.98

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Other languages

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