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PRESS RELEASE **29 August 2013**

INTERIM ANNUAL REPORT

Elia Group continues on strong trajectory thanks to good results in Germany.

- ***Elia Group posts good half-yearly figures despite further drop in Belgian OLO.***
- ***Investment programme in Belgium and Germany maintained despite delays due to severe winter.***
- ***CREG approves Elia Transmission's adjusted transmission tariffs for the period 2012–2015.***
- ***Elia Transmission successfully completes €750 million Eurobond issue on very favourable financial terms.***
- ***The four German TSOs publish a second version of the Offshore Grid Development Plan.***

1. IFRS key figures

Consolidated results of the Elia Group, operator of the high-voltage grid in Belgium and of the high-voltage grid of 50Hertz in Germany, for the first six months of 2013 as per the International Financial Reporting Standards (IFRS):

Consolidated results (in million €)	30 June 2013	30 June 2012	Difference (%)
Total revenues and other income	660.0	687.3	-4.0%
EBITDA*	228.4	244.4	-6.5%
Operating profit (EBIT*)	156.8	164.8	-4.9%
Net finance costs	(57.3)	(66.4)	-13.7%
Income tax expenses	(25.4)	(24.8)	2.4%
Profit attributable to the Owners of the Company	77.6	73.1	6.2%
Basic earnings per share (€)	1.28	1.21	5.8%

Consolidated statement of financial position (in million €)	30 June 2013	31 December 2012	Difference (%)
Total assets	6,305.0	6,187.0	1.9%
Equity, attributable to the Owners of the Company	2,105.5	2,108.5	-0.1%
Net financial debt	2,774.1	2,910.8	-4.7%
Equity per share (€)	34.8	34.9	-0.3%
Number of shares (end of period)	60,568.229	60,555.809	0.0%

EBIT = earnings before interest and taxes
EBITDA = EBIT + depreciation / amortization + changes in provisions

<u>Financial</u>

The Elia Group's **consolidated revenue** fell due to lower revenue in Germany as a result of substantially lower energy costs being passed on, partially offset by higher costs passed on for investments.

EBITDA and EBIT (down by 6.5% and 4.9% respectively) were mainly negatively influenced by the persistently low interest rate on 10-year Belgian bonds.

The **consolidated net profit** rose by 6.2% due to strong results in Germany, which more than offset the further fall in net profit in Belgium (due to low Belgian OLO).
More details of the financial performance of the two constituent transmission system operators (Elia Transmission in Belgium and 50Hertz Transmission in Germany) are to be found in the individual segment reporting sections hereafter.

The **net financial debt** fell by 4.7% to €2,774.1 million. This drop is due to the large decrease in 50Hertz Transmission's net financial debt (down by €303.2 million), while Elia Transmission's net financial debt increased by €166.5 million.

Shareholders' equity for the Group remained largely unchanged from 31 December 2012, at €2,105.5 million. The reservation of profit from the first half of the year (€77.6 million) and other comprehensive income (€8.0 million), mainly consisting of the revaluation of cash flow hedges and actuarial gains, almost completely offset the dividend payment for 2012 (€89.0 million).

1.A. Segment reporting for Elia Transmission (Belgium)

Results of Elia Transmission for its transmission system operator (TSO) activities in Belgium in the first six months of 2013 as per the International Financial Reporting Standards (IFRS):

Results Elia Transmission (in million €)	**30 June 2013**	**30 June 2012**	**Difference (%)**
Total revenues and other income	402.2	399.6	0.7%
EBITDA*	145.0	166.7	-13.0%
Operating profit (EBIT*)	94.7	111.0	-14.7%
Net finance costs	(54.4)	(59.5)	-8.6%
Income tax expenses	(7.2)	(10.3)	-30.1%
Profit attributable to the Owners of the Company	36.8	40.6	-9.4%
Consolidated statement of financial position (in million €)	**30 June 2013**	**31 December 2012**	**Difference (%)**
Total assets	4,762.0	4,618.4	3.1%
Net financial debt	2,654.8	2,488.3	6.7%

EBIT = earnings before interest and taxes
EBITDA = EBIT + depreciation / amortization + changes in provisions

Financial (IFRS)

Elia Transmission's revenue in Belgium remained more or less stable in the first six months of 2013 compared to the same period last year, at €402.2 million (up 0.7%). The table below provides more details of changes in the various revenue components.

Detail revenues and other income *(in million €)*	**30 June 2013**	**30 June 2012**	**Difference (%)**
Grid connection revenue	20.4	18.5	10.3%
Grid use revenue	229.3	316.0	-27.4%
Ancillary services revenue	48.5	76.7	-36.8%
International revenue	37.9	16.9	124.3%
Transfers of assets from customers[1]	1.7	2.3	-26.1%
Other revenue[1]	1.5	4.8	-68.8%
Other income[1]	21.4	15.1	41.7%
Subtotal revenues & other income	***360.7***	***450.3***	**-19.9%**
Balance settlement mechanism: deviations from approved budget[1]	(39.9)	(12.7)	n.r.
Balance settlement mechanism: to be (refunded)/recovered to the tariffs of current period	81.4	(38.0)	n.r.
Total revenues and other income	***402.2***	***399.6***	***0.7%***

[1] These sections include reclassifications of the figures as at 30 June 2012 for comparison reasons.

Grid connection revenue rose by 10.3%, mainly due to the higher revenue from distribution system operator (DSO) connections.

Grid use revenue and **ancillary services revenue** fell by 27.4% and 36.8% respectively owing to the adjustment of the costs charged to generators following introduction of the new tariffs approved by CREG. Following the Court of Appeal ruling of 6 February 2013 which annulled the earlier decision approving the transmission tariffs for 2012–2015, CREG approved an adjusted tariff proposal on 16 May 2013. In the adjusted proposal, the tariff components for generators were revised downwards and offset in the tariff components for consumers. The new tariffs for ancillary services and system operation, which are applied to the offtake of energy, took effect on 1 June 2013. The new tariffs for grid use, which are applied to power, will come into effect on 1 January 2014. The excess costs charged to generators since the start of the regulatory period 2012–2015 have been reimbursed and will be recovered from users through the new tariffs over the period 1 June 2013 to 31 December 2015.

International revenue rose by €21.0 million (up 124.3%), mainly due to higher congestion and auction revenue on the interconnections with the Netherlands and France owing to the unavailability of the Doel 3 and Tihange 2 nuclear power station units.

Revenue from customer contributions to investments ("**transfers of assets from customers"**) was down by €0.6 million compared with the first six months of 2012.

Other revenue rose by 41.7% in the first half of 2013 compared with the same period last year, primarily due to an increase in internally generated assets.

The **settlement mechanism** encompasses deviations from the **budget approved by CREG** with regard to the non-controllable costs and revenue. The operational result was up by €39.9 million, mainly as a result of higher international revenue (€23.0 million), the lower actual average OLO (€9.0 million) and the higher-than-budgeted transmitted volumes (€7.1 million). This was partially offset by higher non-controllable costs (-€1.4 million).
There is also a tariff deficit of €9.0 million resulting from the new fixed tariffs through to 2015. In addition, a one-off tariff correction of €72.4 million was booked as the result of the adjustment of the costs charged to generators in 2012, following the introduction of the new approved tariffs.

EBITDA (down 13.0%) and **EBIT** (down 14.7%) fell significantly in the first half of 2013 compared with the same period in 2012, mainly due to the decrease in the fair remuneration, owing to a further drop in the interest rate on 10-year Belgian bonds from an average of 3.4% to 2.2%, and the decrease in finance costs passed on.

Net **finance costs** fell by 8.6% to €54.4 million from €59.5 million at 30 June 2012. The decrease in net financial charges is mainly a result of the disappearance of the one-off payments for the conclusion of long-term credit facilities in the first half of 2012.

The fall in **income tax expense** (down 30.1%) is mainly due to the change in pre-tax profit.

Consolidated IFRS profit after income tax fell 9.4% compared with 30 June 2012 from €40.6 million to €36.8 million due to the following items[1]:

1. decrease in regulated profit due to lower OLO (down €7.8 million);
2. increase in the amount passed on in the tariffs for decommissioning of fixed assets (up €3.1 million);
3. lower cost savings and revenue (down €0.2 million);
4. higher incentive on replacement investments (up €0.8 million);
5. CREG decision concerning 2012 (down €1.3 million);
6. increase in IFRS adjustments (up €1.6 million).

Total assets increased by 3.1% to €4,762.0 while **net financial debt** went up by 6.7%, or €166.5 million, mainly due to the issue of new Eurobonds worth €750 million which were used partly to pay back the Eurobonds that matured in April (€500 million) and partly for general corporate purposes.

[1] Items 1-5 relate to the regulatory framework in Belgium.

Operational

Consumption measured on the Elia grid remained largely stable (down 1.2%) at 41.3 TWh in the first half of 2013 compared with 41.7 TWh in the first half of 2012. **Net offtake** from the Elia network also remained at the same level as the first half of 2012 at 36.5 TWh (36.2 TWh in H1 2012).

In the first half of 2013, Belgium was a net importer of 7.8 TWh, significantly more than the 3.7 TWh of net imports in the first half of 2012. This was due to the unavailability of the Doel 3 and Tihange 2 nuclear power plants. Total electricity flows between Belgium and its neighbours increased by 10.44% to 13.12 TWh, compared with 11.88 TWh in the first half of 2012.

Investments

Total net investments in the first half of 2013 stood at €80.5[2] million and mainly comprised upgrades to high-voltage stations and the laying and replacement of high-voltage cables. The investments are running slightly behind budget, mainly due to temporary delays on the Stevin project. However, the 2013 investment programme of €200 million will be maintained.

1.B. Segment reporting for 50Hertz Transmission (Germany)

The results of 50Hertz Transmission, consolidated at the level of Eurogrid GmbH, were included in the Elia Group's consolidated IFRS figures using the proportional consolidation method (60%).

Results 50Hertz Transmission (Germany) (in million €) 60% proportional consolidation	**30 June 2013**	**30 June 2012**	**Difference (%)**
Total revenues and other income	258.4	288.1	-10.3%
EBITDA*	83.3	77.7	7.2%
Operating profit (EBIT*)	62.0	53.8	15.2%
Net finance costs	(3.0)	(7.0)	-57.1%
Income tax expenses	(18.2)	(14.5)	25.5%
Profit attributable to the Owners of the Company	40.8	32.4	25.9%
Consolidated statement of financial position (in million €)	**30 June 2013**	**31 December 2012**	**Difference (%)**
Total assets	1,543.3	1,569.0	-1.6%
Net financial debt	119.3	422.5	-71.8%

EBIT = earnings before interest and taxes

EBITDA = EBIT + depreciation / amortization + changes in provisions

[2] Including IFRS adjustments for capitalisation of software, IAS 23 (Borrowing Costs) and IFRIC 18 (Transfers of Assets from Customers – with customer contributions to grid connections fully recognised in IFRS as revenue), this gives €88.30 million.

Financial (IFRS)

50Hertz Transmission's revenue was down compared with the same period last year. The higher revenue from investments was more than offset by the lower actual redispatch costs passed on. The **total revenues** are detailed in the table below.

Detail revenues and other income (in million €)	**2013**	**2012**	**Difference (%)**
Vertical grid revenues	267.7	188.7	41.9%
Horizontal grid revenues	14.5	14.4	0.4%
Ancillary services revenue	28.2	53.5	-47.3%
Transfers of assets from customers*	0.0	3.8	-100.0%
Other income*	9.7	11.3	-13.7%
Subtotal revenue and other income	*320.1*	*271.6*	*17.9%*
Balance settlement mechanism: deviations from approved budget	(61.7)	16.4	n.r.
Total revenues and other income	**258.4**	**288.1**	**-10.3%**

(*) These sections include reclassifications of the figures as at 30 June 2012 for comparison with the 2013 figures.

The rise in **vertical grid revenue** (tariffs to DSOs and end customers) (up 41.9%) is mainly a result of the increase in the revenue permitted by the regulator due to the rise in planned energy costs (primarily redispatch) and the rise in investment costs owing to the increased onshore and offshore investments.

Horizontal grid revenue (tariffs to TSOs) remained largely stable (up 0.4%). Revenue from the passing-on of costs for the higher volume of offshore investments in Germany was offset by the lower revenue from the use of border capacity. It should be remembered that in Germany all offshore connection investments are shared across the four German transmission system operators. This means that 50Hertz bears around 20% of these costs, which it passes on to customers in its vertical network tariffs, and passes on 80% of its own connection costs to the other three TSOs.

Ancillary services revenue (down 47.3%) is comparable with that of Elia and is mainly derived from passing on to grid users costs (for reservation of capacities and continuous network balancing) incurred by the system operator to ensure the supply of electricity. During the first six months of 2013, significantly fewer ancillary services (mainly redispatch) were required due to lower volumes of renewable energy being generated owing to unfavourable weather conditions in early 2013.

Other revenue fell by 13.7%, primarily due to a decrease in revenue from third-party use of the 50Hertz Transmission network.

The **settlement mechanism** includes, on the one hand, the annual offsetting of deficits and surpluses arising before 2013 (net impact of -€4.0 million) and, on the other hand, the deviations in 2013 between the costs allowed to be passed on and the actual costs (-€57.7 million). The deviation is mainly owing to the exceptionally low redispatch costs as a result of the low level of renewable energy generation, and the higher actual transmission volumes compared with the budgeted volumes.

The sharp rise in **EBITDA**, **EBIT** and **net profit** is mainly the result of the increase in remunerated investments under both the old and new systems. By way of reminder: as from 1 January 2012, the costs of new investments are recovered via the vertical network tariffs for the same year, whereas those prior to 2012 were recovered with a two-year delay. Consequently, in 2013 50Hertz Transmission is recovering the costs from both 2013 and 2011.

Net **finance costs** were positively influenced (down 57.1%) by capitalised interest costs on investments (IAS 23) which were booked in the second half of 2012.

The increase in **income tax expense** is mainly a result of the change in pre-tax profit.

Total assets remained largely stable (down 1.6%) at €1,543.3 million. By contrast, **net financial debt** fell substantially (down €303.2 million) owing to an important increase in cash as the result of the phased repayment in 2013 of the EEG volumes pre-financed in 2012 and the charging of the new offshore levy since 1 January 2013.

Operational

Net offtake from the 50Hertz grid was up slightly in the first six months of 2013. It rose by 1.4% to 29 TWh, compared with 28.6 TWh in the first six months of 2012.

50Hertz imported 6.3 TWh of electricity (8.0 TWh in 2012), mainly from Denmark, the Czech Republic and TenneT Germany, and exported 19.6 TWh (19.1 TWh in 2012), mainly to Denmark, Poland and TenneT Germany. As a result, **net exports** of electricity were up by 20% from 11.1 TWh in the first half of 2012 to 13.3 TWh.

Investments

To meet grid users' requirements, 50Hertz Transmission invested €66.9[3] million in the first half of 2013. This was 24.3% less than the €88.4 million invested in the first half of 2012. The severe winter weather in the first few months of 2013 caused delays on several projects. However, the €415 million investment programme for 2013 will be maintained.

2. Significant events in the first half of 2013

Elia Transmission successfully completes €750 million bond offering as part of its €3 billion EMTN programme

Elia Transmission successfully issued a dual-tranche Eurobond, consisting of a €550m 15-year tranche and a €200m 20-year tranche. The issue is part of its €3 billion EMTN programme. The order book was subscribed to the value of €2.95 billion by 210 investors from 21 countries. The 15-year and 20-year tranches were priced at mid-swap +117 bp (coupon of 3.25%) and +123.3 bp (coupon of 3.5%) respectively. The proceeds from the bond issue were used to refinance existing loans and for general corporate purposes.

Cécile Flandre, CFO of Belfius Insurance, joins Elia Board of Directors

Elia's General Meeting of Shareholders on 21 May approved the appointment of Cécile Flandre as a director of Elia. She was proposed by core shareholder Publi-T and takes over from Leen Van den Neste. Cécile Flandre is Chief Financial Officer of Belfius Insurance. A mathematician and actuary, she has previously held various positions in the financial sector and in the supervision of insurance companies at the National Bank of Belgium.

ALEGRO project: sector plan revision procedure launched

The application for revision of the sector plan was submitted on 16 April to the 14 municipalities through which the route of the future direct interconnection between Belgium and Germany will pass. There are two parts to the application: designation of an area of public services and community facilities for the construction of the AC/DC (alternating current/direct current) converter station in Lixhe (Visé) and designation of a restricted area (corridor) for laying the cables.

The public information meeting was held on 2 May in Soumagne, the municipality that will receive the largest length of cable. The sector plan revision procedure comprises three stages (draft, provisional adoption and final adoption) and falls within the competence of the Walloon government. The final revision of the sector plan is expected to take place in mid-2015. This will be followed by applications for the single permit, the highway permit and the declaration of public utility.

This interconnection will be 100 km long (including 49 km in Belgium) and will largely follow existing infrastructure. The works are expected to start in mid-2016 and will take around two years to complete. The commissioning of the interconnection is anticipated in late 2018.

New branding campaign: focus on innovation

On 15 April Elia launched a new branding campaign in the print media, on radio and online. The campaign emphasises innovation and conveys the new Elia Group vision.

[3] Including IFRS adjustments for IAS 23 (Borrowing Costs) and IFRIC 18 (Transfers of Assets from Customers – with customer contributions to grid connections fully recognised in IFRS as revenue), this gives €71.20 million.

Through the campaign Elia positions itself as a leading player in the development of future electricity systems. To this end, it anticipates energy needs and focuses on three key pillars of its policy, namely market development, the integration of renewable energy and continuity of supply.

Elia's commitment is to transmit energy, however and wherever it is generated in future, from the place of generation to centres of consumption. We are creating the power grids that will connect tomorrow's energy sources.

Work progresses on connecting Germany's second Baltic Sea wind farm (EnBW Baltic 2) to the 50Hertz grid

The first section of the subsea cable that will connect the offshore platform to the Bentwitsch high-voltage substation was laid on 20 April. A total of 60 km of subsea cable is to be laid in the coming months. For the Baltic 2 connection, a second subsea cable will also be laid between the Baltic 1 platform and the connection point in the Markgrafen area, which in turn will be connected to the Bentwitsch station via a subsea cable.

Second version of Offshore Grid Development Plan published

On 24 June 2013, the four German transmission system operators published the second version of the Offshore Grid Development Plan ("Offshore-Netzentwicklungsplan" - O-NEP). The first version of the plan was first consulted by the public over a period of six weeks. The 36 comments on the O-NEP were categorised and assessed by the transmission system operators. Based on these opinions, the transmission system operators revised the first draft of the O-NEP and added further explanations and illustrations. The second version of the draft was then submitted to the Federal Network Agency. It describes the infrastructure for the grid connection of offshore wind power for the next ten to twenty years.

German transmission system operators prepare joint realisation of three direct current power links

The four German transmission system operators, 50Hertz, Amprion, TenneT and TransnetBW, are preparing to implement four major projects in the scope of the energy transition. Three powerful direct current (HVDC) power links are planned for the sustainable development of the national grid. These connections will transport electricity from Northern and Central Germany to the south of the country. Each connection will be designed as a joint project by the two TSOs responsible for the transmission grid at the relevant start and end point.
The HVDC lines are essential to maintain the current high level of security of supply in Germany in the future. The necessity of the projects is described in the 2012 grid development plan and was adopted as part of the Federal Requirement Plan Act on 25 April 2013. This act is expected to enter into force later this year. The investment costs for the three HVDC lines amount to several billion euros.

3. Additional information as required by the Royal Decree of 14 November 2007

Because the result for 2013 depends on parameters which will only be known (e.g. the inflation figure for December 2013) or can only be calculated (e.g. the average Belgian 10-year interest rate, the beta factor of the Elia share and the total amount invested by Eurogrid/50Hertz) at the end of 2013, no specific profit forecasts for the entire year can be given.

Pursuant to Article 13 of the Royal Decree of 14 November 2007, Elia confirms that the underlying risks facing the company are the same as those described in the sections 'Risks and uncertainties facing the company' and 'Regulatory framework and tariffs' of the Group's consolidated annual report for 2012.

There are no important events subsequent to 30 June 2013.

4. Declarations by responsible persons

Jacques Vandermeiren, Chief Executive Officer and Chairman of the Management Committee, and Jan Gesquière, Chief Financial Officer and Vice-Chairman of the Management Committee, declare that to the best of their knowledge:

- the interim condensed consolidated financial statements, prepared in accordance with IAS 34, give a true and fair view of the assets, financial situation and results of the Elia Group and the consolidated companies;
- the interim annual report on the interim condensed consolidated financial statements gives a true and fair view of the development of activities, the results and the position of the Elia Group and its consolidated subsidiaries, as well as the main transactions with related parties and a description of the main risks and uncertainties facing the Elia Group for the rest of the financial year.

5. Joint Auditors' Report

The full report is annexed in section 3.

6. Financial calendar for 2013

Interim statement Q3 2013	*15 November 2013*
Publication of 2013 annual results	*28 February 2014*
Publication of 2013 Annual Report	*early April 2014*
General Meetings of Shareholders	*20 May 2014*
Interim statement Q1 2014	*mid-May 2014*
Payment of dividend 2013	*early June 2014*

About Elia:

The Elia Group is organised around two electricity transmission system operators: Elia Transmission in Belgium and (in cooperation with Industry Funds Management) 50Hertz Transmission, one of the four German transmission system operators, active in the north and east of Germany. With more than 1,700 employees and a transmission grid comprising some 13,400 km of high-voltage connections serving 30 million consumers, the Elia Group is one of Europe's top five TSOs. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources.

In addition to its system operator activities in Belgium and Germany, the Elia Group offers businesses a range of consultancy and engineering services.

The Group operates under the legal entity Elia System Operator, a listed company whose reference shareholder is municipal holding company Publi-T.

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Annexes:

Condensed interim financial information:
- Condensed consolidated statement of financial position
- Condensed consolidated income statement
- Condensed consolidated statement of comprehensive income
- Condensed consolidated statement of changes in equity
- Condensed consolidated statement of cash flows
- Notes to the interim financial information

Joint Auditors' Report

ANNEXES

1. Condensed consolidated interim financial information

1.1. Condensed consolidated statement of financial position (30 June 2013 – 31 December 2012)

(in million €)			30 June 2013	31 December 2012
Assets				
Non-current assets			5,413.7	5,370.5
	Property, plant and equipment		3,372.6	3,319.3
	Intangible assets		1,757.5	1,757.0
	Trade and other receivables		129.5	126.5
	Investments in equity-accounted investees		26.2	34.3
	Other financial assets (including derivatives)		92.1	90.3
	Deferred tax assets		35.8	43.1
Current assets			891.3	816.5
	Inventories		15.4	15.0
	Trade and other receivables		506.3	625.7
	Income tax receivable		4.8	4.7
	Cash and cash equivalents		349.3	166.2
	Deferred charges and accrued revenues		15.5	4.9
Total assets			**6,305.0**	**6,187.0**
Equity and liabilities				
Equity			2,105.5	2,108.5
Equity attributable to owners of the Company			2,105.5	2,108.5
	Share capital		1,506.9	1,506.5
	Share premium		8.8	8.8
	Reserves		97.2	83.7
	Hedging reserve		(19.6)	(24.3)
	Retained earnings	2.6	512.2	533.8
Non-controlling interest			0.0	0.0
	Non-controlling interest		0.0	0.0
Non-current liabilities			2,864.1	2,650.2
	Loans and borrowings	2.7	2,597.5	2,351.1
	Employee benefits		113.9	118.6
	Derivatives	2.8	29.7	36.7
	Provisions		56.6	58.4
	Deferred tax liabilities		47.7	66.0
	Other liabilities		18.7	19.4
Current liabilities			1,335.4	1,428.3
	Loans and borrowings		525.9	725.9
	Provisions		28.9	29.6
	Trade and other payables		382.6	351.9
	Income tax payables		55.0	40.9
	Accruals and deferred income		343.0	280.0

Total equity and liabilities		**6,305.0**	**6,187.0**

1.2. Condensed consolidated income statement (30 June 2013 – 30 June 2012)

(in million €)		**30/06/2013**	**30/06/2012**
Continuing operations			
Revenue	*	630.6	666.0
Raw materials, consumables and goods for resale		(2.9)	(3.2)
Other income	*	29.4	21.3
Services and other goods		(328.2)	(346.9)
Personnel expenses		(89.4)	(83.6)
Depreciation, amortization, impairment and changes in provisions		(71.6)	(79.6)
Other expenses		(11.1)	(9.2)
Results from operating activities (EBIT)		**156.8**	**164.8**
Net finance costs		(57.3)	(66.4)
Finance income		7.0	6.0
Finance costs		(64.3)	(72.4)
Share of profit of equity accounted investees (net of income tax)		3.5	(0.6)
Profit before income tax		**103.0**	**97.8**
Income tax expense	2.9	(25.4)	(24.8)
Profit from continuing operations		**77.6**	**73.0**
Profit for the period		**77.6**	**73.0**
Profit attributable to:			
Owners of the Company		77.6	73.1
Non-controlling interest		0.0	0.0
Profit for the period		**77.6**	**73.1**
Earnings per share (€)			
Basic earnings per share		1.28	1.21
Diluted earnings per share		1.28	1.21

(*)These sections include reclassifications as of 30 June 2012 for comparison with the figures of 2013.

1.3. Condensed consolidated statement of comprehensive income (30 June 2013 – 30 June 2012)

(in million €)		30/06/2013	30/06/2012
Profit for the period		**77.6**	**73.1**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	2.10	7.0	(1.2)
Tax on items that are or may be reclassified subsequently to profit or loss		(2.4)	0.4
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains and losses	2.10	5.1	(0.5)
Tax on items that will not be reclassified to profit or loss		(1.7)	0.2
Exchange differences on translation of foreign operations		0.0	0.0
Other comprehensive income for the period, net of income tax		**8.0**	**(1.1)**
Total comprehensive income for the period		**85.6**	**72.0**
Profit attributable to:			
Owners of the Company		85.6	72,0
Non-controlling interest		0.0	0,0
Total comprehensive income for the period		**85.6**	**72.0**

1.4. Condensed consolidated statement of changes in equity (30 June 2013 – 30 June 2012)

(in million €)	**Share capital**	**Share premium**	**Hedging reserve**	**Foreign currency translation**	**Reserves**	**Retained earnings**	**Total**	**Non controlling interests**	**Total equity**
Balance at 1 January 2012	1,500.6	8.5	(23.3)	0.1	67.6	493.4	2,046.9		2,046.9
Profit for the period						**73.1**	**73.1**		**73.1**
OCI: cash-flow hedges			(0.8)				(0.8)		(0.8)
OCI: actuarial gain/(loss)						(0.3)	(0.3)		(0.3)
OCI: exchange differences									
Total comprehensive income for the period			**(0.8)**			**72.8**	**72.0**		**72.0**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Formed legal reserve					16.1	(16.1)			
Dividends						(88.7)	(88.7)		(88.7)
Total transactions with owners					**16.1**	**(104.8)**	**(88.7)**		**(88.7)**
Balance at 30 June 2012	**1,500.6**	**8.5**	**(24.1)**	**0.1**	**83.7**	**461.4**	**2,030.2**		**2,030.2**
Balance at 1 January 2013	**1,506.5**	**8.8**	**(24.3)**	**0.1**	**83.7**	**533.7**	**2,108.5**		**2,108.5**
Profit for the period						**77.6**	**77.6**		**77.6**
OCI: cash-flow hedges			4.6				4.6		4.6
OCI: actuarial gain/(loss)						3.4	3.4		3.4
OCI: exchange differences									
Total comprehensive income for the period			**4.6**			**81.0**	**85.6**		**85.6**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares issued	0.3						0.3		0.3
Costs of shares issued	0.1						0.1		0.1
Formed legal reserve					13.5	(13.5)			
Dividends						(89.0)	(89.0)		(89.0)
Total transactions with owners	**0.4**				**13.5**	**(102.5)**	**(88.6)**		**(88.6)**
Balance at 30 June 2013	**1,506.9**	**8.8**	**(19.7)**	**0.1**	**97.2**	**512.2**	**2,105.5**		**2,105.5**

1.5. Condensed consolidated statement of cash flows (30 June 2013 – 30 June 2012)

(in million €)	30 June 2013	30 June 2012
Cash flows from operating activities		
Profit for the period	77.6	73.0
Adjustments for:		
Net finance costs	57.3	68.2
Other non-cash items	0.0	0.0
Income tax expense	40.6	18.3
Profit or loss of equity accounted investees, net of tax	(3.5)	0.5
Depreciation of property, plant and equipment and amortisation of intangible assets	73.8	72.0
Gain on sale of property, plant and equipment and intangible assets	2.3	2.7
Impairment losses of current assets	10.2	0.4
Change in provisions	(2.7)	4.0
Change in fair value of derivatives	(2.1)	0.3
Change in deferred taxes	(15.2)	6.4
Changes in fair value of financial assets through profit or loss	0.0	0.0
Change in non-cash items	0.1	0.0
Cash flow from operating activities	**238.4**	**245.8**
Change in inventories	(1.0)	0.9
Change in trade and other receivables	108.4	(24.2)
Change in other current assets	(7.7)	(25.7)
Change in trade and other payables	29.4	82.0
Change in other current liabilities	35.7	31.3
Changes in working capital	**164.8**	**64.3**
Interest paid	(118.1)	(122.0)
Income tax paid	(26.4)	(17.6)
Net cash from operating activities	**258.8**	**170.6**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(126.5)	(115.8)
Acquisition of subsidiary net of cash acquired	0.0	0.0
Acquisition of equity accounted investees	0.0	0.0
Acquisition of investment	(2.9)	(0.2)
Proceeds from sale of property, plant and equipment	1.5	0.0
Proceeds from sales of investments	11.6	0.0
Interest received	(1.3)	2.7
Net cash used in investing activities	**(115.0)**	**(113.3)**
Cash flow from financing activities		
Proceeds from issue share capital	0.4	0.0
Expenses related to issue share capital	0.0	0.0
Dividends paid (-)	(89.3)	(88.7)
Repayment of borrowings (-)	(620.0)	0.0
Proceeds from withdrawal borrowings (+)	748.2	0.0
Net cash flow from (used in) financing activities	**39.3**	**(88.7)**
Net increase (decrease) in cash and cash equivalents	**183.1**	**(31.4)**
Cash & cash equivalents at 1 January	166.2	385.7
Cash & cash equivalents at end of period	349.3	354.3
Net variations in cash & cash equivalents	183.1	(31.4)

2. Notes to the interim consolidated financial information

2.1. General information

Elia System Operator SA/NV (hereinafter “the company” or “Elia”) is established in Belgium, having its head office at Boulevard de l’Empereur 20, B-1000 Brussels. The company’s consolidated financial statements for the financial year 2012 include the financial statements for the company and its subsidiaries (hereinafter referred to as “the Group”) and the Group’s interests in joint ventures and associated companies.

Elia’s core business is managing, maintaining and developing very-high-voltage grids (380 kV, 220 kV and 150 kV) and high-voltage grids (70 kV, 36 kV and 30 kV). It is responsible for transmitting electricity from power generators in Belgium, Germany or elsewhere in Europe to customers, particularly distributors and major industrial users.

This condensed consolidated interim financial information of the company for the six months to 30 June 2013 contains the balance sheet and results of the company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interests in associated companies and jointly controlled entities.

The condensed consolidated interim information was approved by the Board of Directors of Elia System Operator SA/NV on 29 August 2013.

2.2. Basis for preparation of the financial statements

The consolidated interim financial information for the first half of 2013, including the comparative figures for 2012, has been prepared in accordance with IAS 34 on Interim Financial Reporting, issued by the IASB and approved by the European Union.

The same financial reporting policies and valuation rules were used to prepare the consolidated interim financial information as were used to prepare the consolidated financial statements for the year ending 31 December 2012. For more information, please refer to section 3 “Significant accounting policies” of the financial part of the annual report for 2012.

No new standards, amendments of standards or interpretations were early adopted. The Group has applied all new IFRS standards mandatory as of 1 January 2013, as described in section 3.1 “New, revised and amended standards and interpretations” of the annual report on the financial year 2012. The application of those new standards has no material impact on the condensed consolidated interim financial information as of June 2013, with the exception of the standards described hereafter.

The impact of the introduction of IFRS 10 (Consolidated Financial Statements: defines the principles of control and establishes controls as the basis for consolidation – applicable to financial years as from 1 January 2014) and IFRS 11 (Joint Arrangements: reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form – applicable to financial years as from 1 January 2014) has been described in the 2012 annual report.

2.3. Use of estimates and judgements

The consolidated interim financial information for the first year half of 2013 was prepared using estimates and judgements as detailed in the annual report 2012 under section 2.4.

2.4. Subsidiaries, joint ventures and associates

Company	30 June 2013	31 December 2012
Parent company:		
- Elia System Operator SA/NV	Full	Full
Subsidiaries:		
- Elia Asset SA/NV	Full	Full
- Elia Engineering SA/NV	Full	Full
- Elia Re SA	Full	Full
Joint ventures:		
- Eurogrid International CVBA	Proportionate	Proportionate
- Eurogrid GmbH	Proportionate	Proportionate
- 50Hertz Transmission GmbH	Proportionate	Proportionate
- 50Hertz Offshore GmbH	Proportionate	Proportionate
- Gridlab GmbH	Proportionate	Proportionate
- E-Offshore A LLC	Proportionate	Proportionate
- Atlantic Grid Investment A Inc	Proportionate	Proportionate
Associates:		
- HGRT SAS	Equity	Equity
- Coreso SA/NV	Equity	Equity
- APX-ENDEX bv (1)	Equity	Equity
- Atlantic Grid A LLC	Cost price	Cost price
- EMCC GmbH	Cost price	Cost price
- CAO GmbH	Cost price	Cost price
- European Energy Exchange AG (2)	Cost price	-
- CASC-EU sa	Cost price	Cost price

(1) APX-Endex
As of 1 March 2013 APX-ENDEX has been split into a “power spot and clearing entity (APX)” and “a derivatives and spot gas entity (Endex)”, which has been sold to Intercontinental Exchange Inc (ICE). As result of this transaction, the amount invested in APX decreased from €25.5 million to €16.9 million but Elia System Operator SA/NV’s stake in the share capital increased from 23.07% on 31 December 2012 to 29.2%. The remaining shares are held by TenneT Holding B.V. (70.8%). The gain on this transaction (€2.6 million) is reported under “Share of profit of equity accounted investees (net of income tax)” in the income statement.

(2) European Energy Exchange (EEX)
On 3 May 2013 50Hertz acquired 700,000 shares in the European Energy Exchange (EEX) for €4.2 million. 50Hertz now holds 1.75% of EEX with the option to acquire more shares in the future.

2.5. Segment reporting

2.5.1. Elia Transmission (Belgium)

Results Elia Transmission (in million €)	30 June 2013	30 June 2012
Total revenues and other income	402.2	399.6
Depreciation, amortization, impairment and changes in provisions	(50.3)	(55.8)
EBITDA	145.0	166.7
Operating profit (EBIT)	94.7	111.0
Finance income	6.5	4.7
Finance costs	(60.9)	(64.2)
Income tax expenses	(7.2)	(10.3)
Profit attributable to the Owners of the Company	36.8	40.6
Consolidated statement of financial position (in million €)	**30 June 2013**	**31 December 2012**
Total assets	4,762.0	4,618.4
Capital expenditures	88.3	150.0
Net financial debt	2,654.8	2,488.3

2.5.2. 50Hertz Transmission (Germany)

Results 50Hertz Transmission (Germany) (million €) 60% proportional consolidation	30 June 2013	30 June 2012
Total revenues and other income	258.4	288.1
Depreciation, amortization, impairment and changes in provisions	(21.3)	(23.9)
EBITDA*	83.3	77.7
Operating profit (EBIT*)	62.0	53.8
Finance income	0.4	1.3
Finance costs	(3.4)	(8.3)
Income tax expenses	(18.2)	(14.5)
Profit attributable to the Owners of the Company	40.8	32.4
Consolidated statement of financial position (in million €)	**30 June 2013**	**31 December 2012**
Total assets	1,543.3	1,569.0
Capital expenditures	42.7	157.8
Net financial debt	119.3	422.5

2.5.3. Segment reporting: reconciliation

Consolidated results (in million €)	30 June 2013			
	Elia Transmission (Belgium)	50Hertz Transmission (Germany)	Consolidation entries	Elia Group
Total revenues and other income	402.2	258.4	(0.6)	660.0
Depreciation, amortization, impairment and changes in provisions	(50.3)	(21.3)	0.0	(71.6)
EBITDA	145.0	83.3	0.1	228.4
Operating profit (EBIT)	94.7	62.0	0.1	156.8
Finance income	6.5	0.4	0.1	7.0
Finance costs	(60.9)	(3.4)	0.0	(64.3)
Income tax expenses	(7.2)	(18.2)	0.0	(25.4)
Profit attributable to the Owners of the Company	36.8	40.8	0.0	77.6
Consolidated statement of financial position (in million €)	**30 June 2013**			
Total assets	4,762.0	1,543.3	(0.3)	6,305.0
Capital expenditures	88.3	42.7	0.0	131.0
Net financial debt	2,654.8	119.3	0.0	2,774.1

2.6. Dividends

On 21 May 2013, the shareholders approved payment of a gross dividend of €1.47 per share (€1.1025 net per share), which corresponds to a total gross dividend of €89.0 million.

2.7. Loans and borrowings

In April 2013, Elia System Operator issued a dual-tranche Eurobond loan, consisting of a €550m 15-year tranche and a €200m 20-year tranche. The issue is part of its €3 billion EMTN programme. The order book was subscribed to the value of €2.95 billion by 210 investors from 21 countries. The 15-year and 20-year tranches were priced at mid-swap +117 bp (coupon of 3.25%) and +123.3 bp (coupon of 3.5%) respectively. The proceeds from the bond issue were used to refinance existing loans and for general corporate purposes.

2.8. Derivatives

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2013 and the fair value hierarchy:

	30 June 2013		31 December 2012		Level
(in million €)	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Sicav	13.2	13.2	13.2	13.2	Level 1
Total	13.2	13.2	13.2	13.2	
Financial liabilities					
Derivatives (interest rate swap)	-29.7	-29.7	-36.7	-36.7	Level 2
Interest-bearing loans and borrowings	-200.0	-200.0	-200.0	-200.0	Level 2
Total	-229.7	-229.7	-236.7	-236.7	

The fair value of the financial assets and liabilities, other than those presented in the above table, approximates their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

The above fair value of 'sicavs' belongs to level 1, i.e. valuation is based on the (unadjusted) listed market price on an active market for identical instruments.

The above fair value of interest rate swaps belongs to level 2, which entails that valuation is based on input from other prices than the stated prices, where these other prices can be observed for assets or liabilities. This category includes instruments valued on the basis of listed market prices on active markets for such instruments; listed prices for identical or similar instruments on markets that are deemed less than active; or other valuation techniques arising directly or indirectly from observable market data.

Estimate of fair value

Brokers' statements are used for interest-rate swaps. The statements are controlled using valuation models or techniques based on discounted cash flows.

2.9. Income tax rate

The ratio of income tax to pre-tax profit as detailed in the condensed consolidated income statement resulted in an income tax rate of 24.9% at the end of June 2013. The tax rate at the end of June 2012 was 25.4%.

2.10. Statement of comprehensive income

The positive fluctuation in "Defined benefit plan actuarial gains and losses" is mainly attributable to changes in pension age assumptions (due to the raising of the retirement age), partially cancelled out by the lower discount rate.
The nominal value of the interest rate swaps fell at the end of 2012 by €195 million, which is the main cause of the positive fluctuation in "Effective portion of changes in fair value of cash flow hedges".

2.11. Regulatory framework

There were no changes to the regulatory framework in either Belgium or Germany. For more information about the new approved tariffs, please see page 3.

2.12. Related parties

2.12.1. Transactions with related parties

In 2013 Elia entered into transactions with entities over which key Elia management personnel or members of Elia's Board of Directors exert significant influence (e.g. as CEO, CFO, vice-chairman of the management committee, etc.). Significant transactions with some distribution system operators took place in 2013, all of them at arm's length. The total amount of the sales was €44.6 million. As at 30 June 2013, there were outstanding trade receivables of €7.7 million. There were no material outstanding trade payables or paid expenditure.

2.12.2. Transactions with key management personnel

For the transactions with key management personnel, please see the 2012 annual report. There have been no material changes in 2013.

2.13. Seasonal fluctuations

The Group's profit profile follows a seasonal pattern, primarily due to the higher volumes of electricity consumed during the winter which have to be transmitted by the system operator from power generators to distributors and large industrial customers.

2.14. Events after the balance sheet date

There are no important events to report since 30 June 2013.

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FREE TRANSLATION OF A REPORT ORIGINALLY PREPARED IN DUTCH AND FRENCH

Report of the joint auditors to the board of directors of Elia System Operator NV/SA on the review of the condensed consolidated interim financial information as at June 30, 2013 and for the six-month period then ended

Introduction

We have reviewed the condensed consolidated statement of financial position of Elia System Operator NV/SA as at June 30, 2013, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information").

These statements show a consolidated statement of financial position total of € 6.305,0 million and a consolidated profit for the six month period then ended of € 77,6 million.

The board of directors is responsible for the preparation and presentation of this condensed consolidated 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 condensed consolidated interim financial information based on our review.

Scope of our Review

We conducted our review in accordance with the International Standard on Review Engagements 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 International Standards on Auditing 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 as at June 30, 2013 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Emphasis of matter

Without qualifying our unqualified conclusion expressed in the preceding paragraph, we want to draw attention to the uncertainties resulting from the final settlements arising from the tariff regulation mechanisms to be approved by the competent authorities, and the outcome of the tax audit as referred to in the half year board of directors report and in the condensed consolidated interim financial information .

Brussels, 29 August 2013

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Partner

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Joint statutory auditor
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