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Press release

Regulated information

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Highlights – Q2 2014

- ***Increase in the consolidated profit exclusively thanks to the increase of the result at 50Hertz (Germany). This rise is a result of the realized important grid investments and exceptional elements.***
- ***The result of Elia (Belgium) continues to be negatively impacted by the decrease of the 10-year government bond interest rates.***
- ***The investment programmes in Belgium and Germany are confirmed.***
- ***Elia issued a €350 million Eurobond on very favourable financial terms and renegotiated long-term credit facilities totalling €550 million.***

1. Key figures

Consolidated results of the Elia Group, the operator of the Elia high-voltage grid in Belgium and the 50Hertz high-voltage grid in Germany, for the first six months of 2014:

Consolidated results (in millions €)	30 June 2014	30 June 2013 restated*	Difference (%)	30 June 2013
Total revenues and other income	405.5	402.2	0.8%	660.0
Results from operating activities	93.5	94.7	(1.3%)	156.8
Share of profit of equity accounted investees (net of income tax)	61.4	44.4	38.3%	3.5
Earnings before interest and tax (EBIT)	154.9	139.1	11.4%	160.3
Earnings before depreciations, amortisations, interest and tax (EBITDA)	213.0	189.4	12.5%	231.9
Net finance costs	(53.8)	(54.4)	(1.1%)	(57.3)
Income tax expenses	(6.7)	(7.2)	(6.9%)	(25.4)
Profit attributable to the Owners of the Company	94.5	77.6	21.8%	77.6
Basic earnings per share (€)	1.56	1.28	21.9%	1.28

Consolidated statement of financial position (in million €)	30 June 2014	31 December 2013 restated*	Difference (%)	31 December 2013
Total assets	5,470.6	5,555.7	(1.5%)	6,532.2
Equity attributable to owners of the Company	2,204.7	2,209.1	(0.2%)	2,209.1
Net financial debt	2,603.5	2,628.4	(0.9%)	2,733.8
Equity per share (€)	36.4	36.5	(0.2%)	36.5
Number of shares (end of period)	60,568,229	60,568,229	0.0%	60,568,229
Weighted average number of shares (end of period)	60,568,229	60,565,541	0.0%	60,565,541

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions
* The comparative figures for 2013 have been restated following the application of IFRS 11 *Joint Arrangements*.

Elia Group CEO Jacques Vandermeiren comments on the first six months of 2014:

"The Elia Group can look back on a strong first six months of 2014 and good half-yearly results, with the consolidated net profit up almost 22%. In Belgium there was a small drop in the results, mainly due to the unfavourable evolution of the OLO. In Germany, by contrast, the Group consolidated and further built on the good results posted in 2013, thanks in part to a number of exceptional items resulting from the final agreement with the regulator about the previous regulatory period.

"The planned investment programme will be continued. In Belgium these investments are for the most part being used to maintain and upgrade the existing grid, while in Germany we are currently investing first and foremost in the development of the grid. These investments have contributed to the Group's good half-yearly results. Also in the second six months of 2014 we will keep on investing, both in Belgium and in Germany, in upgrading the existing grid and developing the future grid so that we can integrate renewable energy sources into the power network."

Analyst & Investor conference call

The Elia group will host a conference call for the institutional investors and analysts on September 1, 2014 at 10:00 AM CET. For dial-in details and webcast links please visit our website (http://www.eliagroup.eu).

Consolidation method for joint ventures - IFRS 10, 11 and 12

On 1 January 2014, new consolidation standards were introduced for joint ventures. As described in the 2013 annual report, the proportionate consolidation method is no longer permitted for joint ventures with joint control and the data for these entities must be accounted for using the equity method. As a result, the comparative figures for 2013 were restated on this basis. These new standards have a key impact on the consolidated income statement, the consolidated statement of financial position and the consolidated statement of cash flows.

More specifically, our investment in the German company 50Hertz Transmission, which was previously proportionately consolidated (60%), is now accounted for in the consolidated figures using the equity method. 50Hertz Transmission's result is reported in 'Share of profit of equity-accounted investees (net of income tax)' and is part of the EBITDA.

Financial

The Elia Group's **consolidated net profit** rose by 21.8%, in spite of the decrease in the net profit of Elia Transmission (Belgium), whose result was impacted by a decrease in the regulated profit and lower cost efficiencies. At 50Hertz the final agreement with the regulator about the costs passed on in tariffs during the previous regulatory period had a positive impact on the net profit. As a consequence, it was possible to release the regulatory provisions that had been recognized in the past, with a beneficial effect on the result. Furthermore the rise in investments resulted in a further increase in the result. This meant that 50Hertz Transmission's share in the consolidated net profit reached a new high of 63.1%.

More details of the financial performance of the two constituent transmission system operators (Elia Transmission in Belgium and 50Hertz Transmission in Germany) can be found in the individual segment reporting sections below.

The **net financial debt** remained largely unchanged at €2,603.5 million (down 0.9%).

Elia Group shareholders' equity remained at a similar level compared to the previous year, at €2,204.7 million, mainly due to the reservation of profit from the first half of the year (€94.5 million) being offset by the dividend payment for 2013 (€93.3 million).

2.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 2014:

Results Elia Transmission (in million €)	**30 June 2014**	**30 June 2013**	**Difference (%)**
Total revenues and other income	405.5	402.2	0.8%
Results from operating activities	93.5	94.7	(1.3%)
Share of profit of equity-accounted investees (net of income tax)	1.7	3.5	(51.4%)
Earnings before interest and tax (EBIT)	95.2	98.3	(3.2%)
Earnings before depreciation, amortisation, interest and tax (EBITDA)	153.3	148.6	3.2%
Net finance costs	(53.8)	(54.4)	(1.1%)
Income tax expenses	(6.7)	(7.2)	(6.9%)
Profit attributable to owners of the Company	34.7	36.8	(5.7%)
Consolidated statement of financial position (in million €)	**30 June 2014**	**31 December 2013**	**Difference (%)**
Total assets	4,742.6	4,885.9	(2.9%)
Net financial debt	2,603.5	2,628.4	(0.9%)

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions

<u>Financial</u>

Elia Transmission's revenue in Belgium remained in the first six months of 2014 in line compared with the same period the previous year, at €405.5 million. The table below provides more details of changes in the various revenue components.

Detail revenues and other income (in million €)	**30 June 2014**	**30 June 2013**	**Difference (%)**
Grid connection revenue	20.5	20.4	0.5%
Grid use revenue	307.8	229.3	34.2%
Ancillary services revenue	88.9	48.5	83.3%
International revenue	25.6	37.9	(32.5%)
Transfers of assets from customers	0.4	1.7	(76.5%)
Other revenue	1.6	1.5	6.7%
Other income	23.0	21.4	7.5%
Subtotal revenues and other income	***467.8***	***360.7***	**29.7%**
Balance settlement mechanism: deviations from approved budget	(33.4)	(39.9)	(16.3%)
Balance settlement mechanism: to be refunded to the tariffs for the current period	(28.9)	81.4	n.r.
Total revenues and other income	**405.5**	***402.2***	**0.9%**

Grid connection revenue, amounting to €20.5 million, was at the same level as for the first six months of 2013.

On the other hand, **grid use revenue** and **ancillary services revenue** rose by 34.2% and 83.3%, respectively. These increases were primarily the result of the correction in 2013 of the costs billed to generators, following the introduction of the new CREG-approved tariffs, which lowered the tariff components for generators and offset them in the tariff components for consumers. The new ancillary services and system operation tariffs, which are applied to energy offtakes, came into force on 1 June 2013. The new grid use tariffs, which are applied to power, took effect on 1 January 2014. These new tariffs led to a significant increase in grid use revenue and ancillary services revenue compared with the same period in 2013.

International revenue fell by €12.3 million (32.5%), mainly due to lower congestion and auction revenue at the interconnections owing to a reduction in the cross-border flows of electricity as a result of the increased availability of the Doel 3 and Tihange 2 nuclear reactors in the first six months of 2014 vis-à-vis the first half of 2013.

Revenue from customer contributions to investments ("**transfers of assets from customers**") was down €1.3 million while **other revenue** was up 7.5% compared to the same period the previous year, primarily due to the costs associated with the strategic reserves being passed on in levies.

The **settlement mechanism** encompasses deviations from the **budget approved by CREG** with regard to non-controllable costs and revenue. The operational result was up €33.4 million, mainly owing to higher international revenue (€20.6 million), the lower actual average OLO (€11.4 million), lower non-controllable costs (€12.0 million) and lower indexation (€2.3 million), with these items being significantly offset by lower tariff sales (down €13.3 million) due to the new CREG-approved tariffs introduced in 2013 (see above). In addition, a temporary tariff surplus of €28.9 million was realized which is carried forward within the current tariff period.

EBITDA rose 3.2% to €153.3 million as a result of a rise in depreciation to be passed on and changes in provisions, whereas **EBIT** dropped 3.2%, with a decrease in the fair remuneration due to a decrease in the average OLO (down from 2.20% to 2.08%) and lower cost savings only partially compensated by an increase in the offsetting in tariffs of the decommissioning of fixed assets.

Net finance costs dropped slightly (1.1%) from the same period the previous year to €53.8 million. However, the lower financial charges as a result of a lower debt ratio were largely offset by lower interest income.

The fall in **income tax expense** (down 6.9%) was mainly due to the change in pre-tax profit.

Consolidated profit after income tax fell 5.7% from €36.8 million for the first half of 2013 to €34.7 million for the first six months of 2014, principally due to the following items:

1. decrease in the regulated profit due to lower OLO (down €0.6 million);
2. lower cost savings and revenue (down €0.7 million);
3. lower customer contributions to investments (down €1.2 million);
4. increase in the offsetting in tariffs of the decommissioning of fixed assets (up €0.6 million);
5. increase in the incentive on replacement investments (up €0.1 million).

Total assets decreased by 2.9% to €4,742.6 million, while **net financial debt** remained more or less stable at €2,603.5 million (down 0.9%).

<u>Operational</u>

The **load** recorded on the Elia grid dropped 6.4% in the first six months of 2014 to 38.6 TWh compared with the same period the previous year. Net offtake from the Elia grid also fell but to a lesser extent (35.5 TWh as opposed to 36.5 TWh in 2013, i.e. a decrease of 2.8%).

In the first half of 2014, Belgium was a net importer of 6.7 TWh, which was significantly less than the 7.8 TWh of net imports in the first six months of 2013. This decrease was mainly due to the availability of the Doel 3 and Tihange 2 nuclear reactors in early 2014. Total electricity flows between Belgium and its neighbours also fell considerably (down 11.1%) to 11.67 TWh.

<u>Investments</u>

A net sum of €102.2[1] million was invested, mainly on upgrading high-voltage stations and laying high-voltage cables. The proposed investment programme of €252.5 million includes €35.0 million for the Stevin project, but whether these investments will actually go ahead is uncertain at the moment given the legal proceedings instituted against the project.

[1] Including 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 €109.7 million.

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

Results of 50Hertz Transmission for its transmission system operator (TSO) activities in Germany in the first six months of 2014:

Results 50Hertz Transmission (Germany) (in million €) *	**30 June 2014**	**30 June 2013**	**Difference (%)**
Total revenues and other income	510.0	430.6	18.4%
Earnings before interest and tax (EBIT)	148.9	103.4	44.0%
Earnings before depreciation, amortisation, interest and tax (EBITDA)	178.6	138.8	28.7%
Net finance costs	(4.6)	(5.7)	(19.3%)
Income tax expenses	(44.9)	(30.3)	48.2%
Profit attributable to owners of the Company **	99.4	68.0	46.2%
Consolidated statement of financial position (in million €) *	**30 June 2014**	**31 December 2013**	**Difference (%)**
Total assets	3,120.8	2,744.1	13.7%
Net financial debt	(95.1)	175.8	(154.1%)

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions
* Income, expenses, assets and liabilities are reported in the table at 100% (previously reported, until 31 December 2013, proportionately to the Group's 60% share in its joint ventures).
** 60% of the profit attributable to the owners of the Company is included in the Share of profit of equity accounted investees (net of income tax) of the Group.

<u>Financial</u>

50Hertz Transmission's revenue was up 18.4% on the same period the previous year. This rise was mainly a result of increased onshore and offshore investments and the increase in allowed controllable costs to be passed on due to the start of the new regulatory period. This was partially offset by the end of the double recovery of the costs of new investments which was included in the figures during the transitional period from 2012 to 2013. The **total revenues** are detailed in the table below.

Detail revenues and other income (in million €)	**30 June 2014**	**30 June 2013**	**Difference (%)**
Vertical grid revenues	433.5	446.2	(2.8%)
Horizontal grid revenues	48.3	24.1	100.4%
Ancillary services revenues	38.4	47.0	(18.3%)
Transfer of assets from customers	0.0	0.0	0.0%
Other income	19.4	16.1	20.5%
Subtotal revenue and other income	**539.6**	**533.4**	***1.2%***
Balance settlement mechanism: deviations from approved budget	(29.6)	(102.8)	71.2%
Total revenues and other income	**510.0**	**430.6**	**18.4%**

Vertical grid revenues (tariffs end customers) decreased by €12.7 million (2.8%), primarily as a result of the decrease in the total allowed revenues by the regulator. The rise in the allowed controllable costs to be passed on due to the start of the new regulatory period and the increase in the investment costs to be passed on were offset by a fall in planned energy costs and by the end of the double recovery of investment costs.

Horizontal grid revenues (tariffs to TSOs) rose 100.4% mainly due to the higher volume of offshore investments. The investment programme meant that these costs increased substantially, leading to a sharp rise in costs passed on to the other three TSOs.

Ancillary services revenue fell by €8.6 million (18.3%), primarily as a result of a decrease in the revenue from imbalances.

The increased investments also meant more own work capitalized, which is reflected in **other revenue** (up €3.3 million).

In the case of 50Hertz Transmission, the **settlement mechanism** includes both the annual offsetting of deficits and surpluses arising before 2014 (+ €37.9 million) and the deviations in 2014 between the costs allowed to be passed on and the actual costs (- €67.5 million). The substantial operational surplus in 2014 is primarily a result of lower-than-expected energy costs and the invoiced peak volumes being higher than the budgeted volumes.

The strong rises in **EBITDA** (up 28.7%), **EBIT** (up 44.0%) and **net profit** (up 46.2%) were in large measure due to one-off effects (€37.1 million). At the end of Q2, the company received the official German Federal Network Agency (BNetzA) decision regarding the previous regulatory period. This upheld the costs passed on in the past, allowing 50Hertz to release the recognized regulatory provisions. Furthermore, a provision relating to a court case was cancelled following a positive court judgement. Excluding these one-off effects, the EBIT of 50Hertz Transmission increased by €8.4 million (or 7.8%) primarily as a result of the increased investments.

Net **finance costs** remained virtually the same.

The increase in **income tax expense** (up 48.2%) was mainly a result of the change in pre-tax profit.

Total assets increased by 13.7% to €3,120.8 million, while there was a significant improvement in terms of **net financial debt** – a result of the positive net inflow from the EEG mechanism (a deficit of €45.5 million at the end of 2013 as opposed to a surplus of €284.8 million at the end of June 2014).

<u>Operational</u>

Net offtake from the 50Hertz grid fell 7.2% in the first six months of 2014 to 26.9 TWh compared with the same period the previous year.

50Hertz imported 6.0 TWh of electricity (as opposed to 6.3 TWh in the first half of 2013), principally from TenneT Germany, Denmark and the Czech Republic, and exported 22.0 TWh (compared with 19.6 TWh in the first half of 2013), mainly to Poland and TenneT Germany. As a result, **net exports** of electricity rose 20.3% from 13.3 TWh to 16.0 TWh.

<u>Investments</u>

50Hertz Transmission invested €125.9 million in the first six months of 2014, representing a considerable increase (namely, of 88.2%) on the €66.9 million of investments made in the first half of 2013.

3. Significant events in the first half of 2014

Successful €350 million bond issue as part of Elia's €3 billion EMTN programme

Elia Transmission successfully issued a €350 million 15-year Eurobond as part of its €3 billion EMTN programme. Investors reacted very positively during the development of the order book, with more than €1.7 billion being received in offers from over 150 investors from 32 countries. This transaction once again highlights Elia's quality and attractiveness on the bond market. The credit margin for the transaction was set at 82 bp above the mid-swap rate for 15-year bonds, resulting in a 3.0% coupon. The proceeds from the bond issue were used to pay back loans that came to maturity in May and for general corporate purposes.

Conclusion of long-term credit facilities totalling €550 million

In June, Elia Transmission concluded five bilateral long-term credit facilities with the banks BNP Paribas Fortis, JP Morgan, KBC, Rabobank and ING. These credit facilities (with a term of three years) are part of the refinancing of a €500 million bond loan due in April 2016.

CREG consultation on new regulatory framework to start in early September

Discussions between Elia Transmission and CREG, the Belgian electricity and gas market regulator, on the new regulatory framework that will apply from 1 January 2016 are now at an advanced stage. On 1 September, CREG will release an initial version of the potential regulatory framework, for consultation until 30 September. It will then consult various stakeholders about the document with a view to publishing the final version of the regulatory framework by late 2014. In June 2015, Elia Transmission will submit a tariff proposal based on the new tariff framework.

Progress on major Belgian investment projects

Recent weeks have seen some steps forward in the implementation of the Stevin project, the new high-voltage connection to be built between Zeebrugge and Zomergem. Firstly, an agreement was reached with a number of parties, including the municipality of Damme, whereby these parties dropped their application for suspension and annulment of the Flemish government's decision on the final adoption of the regional land-use plan "Optimisation of the high-voltage grid in Flanders" (GRUP). Secondly, Elia has obtained the planning permit for the entire project as well as the environmental permits for the high-voltage substations to be built. Elia is now continuing to work with the other parties who submitted an application for suspension and annulment of the GRUP, with a view to reaching a compromise. The closing arguments before the Council of State in these cases have been postponed until late September.

Progress has also been made on other major investment projects such as the ALEGrO interconnection project with Germany, the Belgian Offshore Grid and Nemo, the interconnection between Belgium and the United Kingdom. Elia obtained the first environmental permit required for the construction and operation of the Belgian Offshore Grid in the North Sea. Practical details of the Belgian Offshore Grid are still being worked out with the relevant wind farms and other stakeholders. For the Nemo project, both the cable-laying permit and the environmental permit have been granted. This means that Elia has the necessary offshore permits to install the submarine power cables. However, both projects are dependent on the implementation of the Stevin project, so that the energy generated can be transmitted inland.

Order placed for submarine cables to transport electricity from the Baltic Sea

50Hertz has reached another innovation milestone in the development of wind power generated in the Baltic Sea and taken another step towards a successful energy transition. In late May, 50Hertz awarded a contract to Italian cable manufacturer Prysmian for the production and laying of the submarine cables that will connect the Westlich Adlergrund cluster to the grid. The contract combines orders totalling up to €730 million: the largest order in the system operator's history.
In the future, several offshore wind farms may be connected to the cluster, located about 40 km to the north-east of Rügen island. The cable sections are connected onshore to the 50Hertz substation of Lubmin and have a length of 90 km at sea and 3 km on land.

Strategic reserves of 850 MW that Elia can contract during the winter

As of this year, Elia has been given an additional task: providing a strategic reserve in winter if the Secretary of State for Energy deems this necessary. Based on information from Elia and the Directorate-General for Energy at FPS Energy, the Secretary of State determined the volume that must be available from 1 November 2014 to address any problems with security of supply. The volume of strategic reserves was set at 800 MW in the spring. Given the current unavailability of two nuclear reactors, Doel 3 and Tihange 2, and the uncertainty surrounding this, the Secretary of State raised the volume to 1,200 MW for next winter in a second ministerial decree. The outcome of the public tender was announced on 17 July. The volume offered is 850 MW for the coming period. Following a technical analysis, Elia submitted a report to CREG and the Secretary of State concerning the various tenders. In the current context Elia has taken all operational measures within its responsibility to prepare the upcoming winter.

Coupling of North-West Europe day-ahead markets and South-West Europe day-ahead market: a significant step towards an integrated market

On 4 February, market coupling for the North-West Europe (NWE) day-ahead market was successfully launched by the 13 system operators and four power exchanges participating in the project. Since that date, the North-West Europe region has been using a shared technical solution to couple the markets of the Central-West Europe region (Belgium, France, the Netherlands, Germany and Luxembourg) with Scandinavia and the UK.
In a further landmark move towards an integrated European power market, the full coupling of the South-West Europe (SWE) day-ahead markets was successfully launched on 13 May. As a result, the SWE and NWE projects, stretching from Portugal to Finland, now operate under a common day-ahead power price calculation using the Price Coupling of Regions (PCR) solution. This was developed by a number of European power exchanges with the aim of delivering a single algorithm and uniform operating procedures for calculating prices as well as making efficient use of the cross-border transmission capacity calculated by the TSOs and offered by them to the market in a coordinated way.

Agreement between Polish (PSE) and German (50Hertz) transmission system operators on phase shifting transformers: an important step towards further integration of the European energy market

The Polish transmission system operator and 50Hertz have found a solution to the problem of unplanned energy flows at the German-Polish border: in March, they signed an agreement on the operation of phase shifting transformers (PSTs) in Warsaw. This move will boost system security and provide additional capacity for cross-border energy flows between Germany and Poland and, as a result, facilitate the integration of the European energy market.

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

In view of the impact of the 10 year government bond interest rate (OLO)on the Belgian result and the fact that the Belgian result depends on parameters that will only be known or can only be calculated at the end of 2014 (e.g. the inflation figure for December 2014 and the beta factor of the Elia share), the Elia Group cannot make specific profit forecasts for 2014. For Germany, the outlook remains positive, although here too no specific profit forecast can be given.

There are no important events to report since 30 June 2014.

5. Joint auditors' report

The report is annexed in section 4.

6. Financial calendar for 2014

Interim statement Q3 2014	*14 November 2014*
Publication of 2014 annual results	*27 February 2015*
Publication of 2014 Annual Report	*Early April 2015*
General Meeting of Shareholders	*19 May 2015*

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 1,900 employees and a transmission grid comprising some 18,300 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.

Website: This press release and the annexes are available at www.elia.be.

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1. Declarations by responsible parties
2. Interim management report
3. IAS34 Interim condensed consolidated financial statements:
   - Consolidated statement of financial position
   - Consolidated income statement
   - Consolidated statement of profit or loss and other comprehensive income
   - Consolidated statement of changes in equity
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4. Joint auditors' report

ANNEXES:

1. Declarations by responsible parties

Jacques Vandermeiren, Chief Executive Officer and Chairman of the Management Committee, and Catherine Vandenborre, Chief Financial Officer, declare that to the best of their knowledge:

- the condensed consolidated interim 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 report on the condensed consolidated interim 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.

Brussels, 28 August 2014

Jacques Vandermeiren
Chairman of the Management Committee
& CEO

Catherine Vandenborre
Chief Financial Officer

2. Interim management report

- Key figures, reported in sections 1 and 2 of the press release
- Significant events in the first half of 2014, reported in section 3 of the press release
- Additional information pursuant to the Royal Decree of 14 November 2007, given in section 4 of the press release

3. Condensed consolidated interim financial statements

Consolidated statement of financial position

(in million €)	Notes	30 June 2014	31 December 2013 restated*	31 December 2013
Assets				
Non-current assets		**5,108.3**	**4,994.2**	**5,662.3**
Property, plant and equipment	(3.1.7)	2,374.4	2,322.5	3,629.8
Intangible assets		1,735.7	1,735.0	1,758.4
Trade and other receivables		134.9	131.6	132.4
Investments in equity-accounted investees	(3.1.2)	752.3	693.1	23.4
Other financial assets (including derivatives)		84.6	84.6	89.4
Deferred tax assets		26.4	27.4	28.9
Current assets		**362.3**	**561.5**	**869.9**
Inventories		14.0	14.1	16.4
Trade and other receivables		268.2	293.0	402.0
Current tax assets		3.6	3.3	4.7
Cash and cash equivalents		60.4	242.7	437.7
Deferred charges and accrued revenues		16.1	8.4	9.1
Total assets		**5,470.6**	**5,555.7**	**6,532.2**
Equity and liabilities				
Equity		**2,205.6**	**2,209.1**	**2,209.1**
Equity attributable to owners of the Company		*2,204.7*	*2,209.1*	*2,209.1*
Share capital		1,506.9	1,506.9	1,506.9
Share premium		8.8	8.8	8.8
Reserves		115.7	97.2	97.2
Hedging reserve		(18.5)	(18.1)	(18.1)
Retained earnings	(3.1.6)	591.8	614.3	614.3
Non-controlling interest		***0.9***	***0.0***	***0.0***
Non-controlling interest		0.9	0.0	0.0
Non-current liabilities		**2,811.5**	**2,454.5**	**2,845.6**
Loans and borrowings	(3.1.8)	2,646.6	2,299.8	2,598.0
Employee benefits		106.1	100.4	106.9
Derivatives	(3.1.9)	28.1	27.5	27.5
Provisions		22.6	17.9	62.3
Deferred tax liabilities		5.6	6.4	32.8
Other liabilities		2.5	2.5	18.1
Current liabilities		**453.5**	**892.1**	**1,477.5**
Loans and borrowings		17.2	571.3	573.5
Provisions		5.4	5.8	21.6
Trade and other payables		242.6	201.8	506.9
Current tax liabilities		0.6	0.5	76.9
Accruals and deferred income		187.7	112.7	298.6
Total equity and liabilities		**5,470.6**	**5,555.7**	**6,532.2**

** The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 3.1.2).*

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Consolidated income statement

(in million €)	Notes	30 June 2014	30 June 2013 restated*	30 June 2013
Continuing operations				
Revenue		382.6	381.9	630.6
Raw materials, consumables and goods for resale		(2.5)	(2.9)	(2.9)
Other income		22.9	20.3	29.4
Services and other goods		(172.0)	(176.0)	(328.2)
Personnel expenses		(68.4)	(67.8)	(89.4)
Depreciation, amortisation and impairments		(53.8)	(52.3)	(74.5)
Changes in provisions		(4.3)	2.0	2.9
Other expenses		(11.0)	(10.5)	(11.1)
Results from operating activities		**93.5**	**94.7**	**156.8**
Share of profit of equity-accounted investees (net of income tax)		61.4	44.4	3.5
Earnings before interest and tax (EBIT)		**154.9**	**139.1**	**160.3**
Net finance costs		**(53.8)**	**(54.3)**	**(57.3)**
Finance income		5.9	6.5	7.0
Finance costs		(59.7)	(60.8)	(64.3)
Profit before income tax		**101.1**	**84.8**	**103.0**
Income tax expense	(3.1.10)	(6.7)	(7.2)	(25.4)
Profit from continuing operations		**94.4**	**77.6**	**77.6**
Profit for the period		**94.4**	**77.6**	**77.6**
Profit attributable to:				
Owners of the Company		94.5	77.6	77.6
Non-controlling interests		(0.1)	0.0	0.0
Profit for the period		**94.4**	**77.6**	**77.6**
Earnings per share (€)				
Basic earnings per share		1.56	1.28	1.28
Diluted earnings per share		1.56	1.28	1.28

** The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 3.1.2).*

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)

Consolidated statement of profit or loss and other comprehensive income

(in million €)		30 June 2014	30 June 2013 restated*	30 June 2013
Profit for the period		**94.4**	**77.6**	**77.6**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges		(0.6)	7.0	7.0
Tax on items that will or may be reclassified subsequently to profit or loss		0.2	(2.4)	(2.4)
Exchange differences on translation of foreign operations		(0.8)	0.0	0.0
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations		(6.7)	5.1	5.1
Tax on items that will not be reclassified to profit or loss		2.3	(1.7)	(1.7)
Other comprehensive income for the period, net of income tax		**(5.6)**	**8.0**	**8.0**
Total comprehensive income for the period		**88.8**	**85.6**	**85.6**
Total comprehensive income attributable to:				
	Owners of the Company	88.9	85.6	85.6
	Non-controlling interests	(0.1)	0.0	0.0
Total comprehensive income for the period		**88.8**	**85.6**	**85.6**

** The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 3.1.2).*

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

(in million €)	Notes	Share capital	Share premium	Hedging reserve	Foreign currency translation	Reserves	Retained earnings	Total	Non - controlling interests	Total equity
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
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
Share-based payment expenses		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**
Balance at 1 January 2014		**1,506.9**	**8.8**	**(18.2)**		**97.2**	**614.3**	**2,209.1**		**2,209.1**
Profit for the period							**94.5**	**94.5**	**(0.1)**	**94.4**
OCI: cash-flow hedges				(0.4)				(0.4)		(0.4)
OCI: actuarial gain/(loss)							(4.4)	(4.4)		(4.4)
OCI: exchange differences					(0.8)			(0.8)		(0.8)
Total comprehensive income for the period				**(0.4)**	**(0.8)**		**90.1**	**88.9**	**(0.1)**	**88.8**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payment expenses										
Formed legal reserve						18.5	(18.5)			
Dividends							(93.3)	(93.3)		(93.3)
Total contributions and distributions						**18.5**	**(111.8)**	**(93.3)**		**(93.3)**
Changes in owership interests										
Establishment of subsidiary with non-controlling interest	(3.6.4)								1.0	1.0
Total changes in ownership interests									**1.0**	**1.0**
Total transactions with owners						**18.5**	**(111.8)**	**(93.3)**	**1.0**	**(92.3)**
Balance at 30 June 2014		**1,506.9**	**8.8**	**(18.6)**	**(0.8)**	**115.7**	**592.6**	**2,204.7**	**0.9**	**2,205.6**

OCI = Other Comprehensive Income

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Consolidated statement of cash flows

(in million €)	Notes	30 June 2014	30 June 2013 restated*	30 June 2013
Cash flows from operating activities				
Profit for the period		**94.4**	**77.6**	**77.6**
Adjustments for:				
Net finance costs		53.8	54.4	57.3
Other non-cash items		0.0	0.1	0.1
Income tax expense		4.1	4.7	40.6
Profit or loss of equity accounted investees, net of tax		(61.4)	(44.4)	(3.5)
Depreciation of property, plant and equipment and amortisation of intangible assets		53.2	51.6	73.8
Gain on sale of property, plant and equipment and intangible assets		3.8	2.1	2.3
Impairment losses of current assets		0.7	0.5	10.2
Change in provisions		3.4	(1.7)	(2.7)
Change in fair value of derivatives		0.0	(2.1)	(2.1)
Change in deferred taxes		2.4	2.5	(15.2)
Cash flow from operating activities		**154.4**	**145.3**	**238.4**
Change in inventories		(0.6)	(0.8)	(1.0)
Change in trade and other receivables		25.8	(82.6)	108.4
Change in other current assets		(7.6)	(9.2)	(7.7)
Change in trade and other payables		41.9	32.9	29.4
Change in other current liabilities		75.0	(24.4)	35.7
Changes in working capital		**134.5**	**(84.1)**	**164.8**
Interest paid		(116.8)	(113.8)	(118.1)
Interest received		1.0	1.1	(1.3)
Income tax paid		(4.4)	(4.5)	(26.4)
Net cash from operating activities		**168.7**	**(56.0)**	**257.4**
Cash flows from investing activities				
Acquisition of intangible assets		(3.8)	(3.7)	(4.5)
Acquisition of property, plant and equipment		(102.7)	(82.2)	(122.0)
Acquisition of investment		0.0	0.0	(2.9)
Proceeds from sale of property, plant and equipment		0.0	0.1	1.5
Proceeds from sales of investments		0.0	11.6	11.6
Net cash used in investing activities		**(106.5)**	**(74.2)**	**(116.3)**
Cash flow from financing activities				
Proceeds from issue share capital		0.0	0.4	0.4
Dividends paid (-)		(93.8)	(89.3)	(89.3)
Repayment of borrowings (-)		(500.0)	(500.0)	(620.0)
Proceeds from withdrawal borrowings (+)		346.8	748.2	748.2
Other cash flows from financing activities	(3.1.4)	2.5	0.0	0.0
Net cash flow from (used in) financing activities		**(244.5)**	**159.3**	**39.3**
Net increase (decrease) in cash and cash equivalents		**(182.3)**	**29.1**	**183.1**
Cash & Cash equivalents at 1 January		242.7	133.4	166.2
Cash & Cash equivalents at 30 June		60.4	162.5	349.3
Net variations in cash & cash equivalents		**(182.3)**	**29.1**	**183.1**

** The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 3.1.2).*

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

3.1. Notes accompanying the condensed consolidated interim financial statements

3.1.1. 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.

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 and elsewhere in Europe to customers, particularly distributors and major industrial users.

This condensed consolidated interim financial statements of the company for the six months to 30 June 2014 contains the financial position and performance of the company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in joint ventures.

The condensed consolidated interim financial statements was approved by the Board of Directors of Elia System Operator SA/NV on 28 August 2014.

3.1.2. Basis for preparation and changes to the Group's accounting policies

Basis for preparation
The condensed consolidated interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, issued by the IASB and approved by the European Union.

The condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

New standards, interpretations and amendments adopted by the Group
The accounting policies applied when preparing the condensed consolidated interim financial statements are consistent with those used to prepare the Group's annual consolidated financial statements as of and for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014 as mentioned in note 3.7 accompanying the annual consolidated financial statements as of and for the year 31 December 2013. The application of the standards IFRS 10 Consolidated Financial Statements, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosures of Interests in Other Entities* had a material impact on the Group's consolidated financial statements.

The Group has applied, for the first time, the new standards mentioned above, requiring retrospective application of the change in accounting policies and retrospective restatement of previous financial statements.

Interests in joint arrangements:

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, as opposed to joint operations whereby the Group has rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the total recognised profits and losses of joint ventures on the basis of the ‘equity method’, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of the losses exceeds its interest in joint ventures, the Group’s carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of a joint venture.

IFRIC 21 *Levies*, initially expected to be applied as of 1 January 2014, is only applicable to financial years commencing on or after 17 June 2014. The impact on the Group is currently under investigation.

3.1.3. Use of estimates and judgements

The condensed consolidated interim financial statements for the first half of 2014 were prepared using estimates and judgements as indicated in note 2.4 accompanying the annual consolidated financial statements of 31 December 2013, including the change resulting from the adoption of IFRS 10 (note 3.7).

3.1.4. Subsidiaries, joint ventures and associates

The following changes occurred within the consolidation scope in 2014:

- On 28 March 2014, the subsidiaries Elia Grid International SA and Elia Grid International GmbH ("EGI") were established. Both companies supply specialists in consulting, services, engineering, procurement and consulting, creating value by delivering solutions based on international best practice, while fully complying with regulated business environments.
  Elia Grid International SA holds all the shares in Elia Grid International GmbH. The shares in Elia Grid International SA are held by Elia System Operator (50.01% of the shares) and 50Hertz Transmission (49.99% of the shares). Hence, the Group owns 80% of Elia Grid International SA, while the other 20% is held by Industry Funds Management Luxembourg (IFM) (through its stake in 50Hertz Transmission, which in turn holds 49.99% of the shares in Elia Grid International SA). EGI is accounted for by the Group as a subsidiary (full consolidation with minority interest).

- In 2014, 50Hertz Transmission acquired extra shares in the European Energy Exchange (EEX) worth €5.0 million and therefore now holds 4.3% of the shares in EEX, amounting to €10.4 million in total. In accordance with the Group's accounting policies, EEX is measured at cost value because there is no quoted price on an active market and the fair value cannot be reliably measured.

Apart from the changes mentioned above, there have been no other changes to the subsidiaries, joint ventures and associates related to the relevant note in the annual report relating to the situation as at 31 December 2013.

Company	30 June 2014	31 December 2013
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
- Elia Grid International SA/NV	Full	-
- Elia Grid International GmbH	Full	-
Joint ventures:		
- Eurogrid International CVBA	Equity	Proportionate
- Eurogrid GmbH	Equity	Proportionate
- 50Hertz Transmission GmbH	Equity	Proportionate
- 50Hertz Offshore GmbH	Equity	Proportionate
- Gridlab GmbH	Equity	Proportionate
- E-Offshore A LLC	Equity	Proportionate
- Atlantic Grid Investment A Inc.	Equity	Proportionate
Associates:		
- HGRT SAS	Equity	Equity
- Coreso SA/NV	Equity	Equity
- APX-ENDEX BV	Equity	Equity
- Ampacimon SA/NV	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	Cost price	Cost price
- CASC-EU SA	Cost price	Cost price

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3.1.5. Segment reporting

3.1.5.1. Elia Transmission (Belgium)

Results Elia Transmission (in million €)	30 June 2014	30 June 2013	Difference (%)
Total revenues and other income	405.5	402.2	0.8%
Depreciation, amortisation, impairment and changes in provisions	(58.1)	(50.3)	15.5%
Results from operating activities	93.5	94.7	(1.3%)
Share of profit of equity accounted investees (net of income tax)	1.7	3.5	(51.4%)
Earnings before interest and tax (EBIT)	95.2	98.3	(3.2%)
Earnings before depreciation, amortisation, interest and tax (EBITDA)	153.3	148.6	3.2%
Finance income	5.9	6.5	(9.2%)
Finance costs	(59.7)	(60.8)	(1.8%)
Income tax expenses	(6.7)	(7.2)	(6.9%)
Profit attributable to the owners of the Company	34.7	36.8	(5.7%)

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions

Consolidated statement of financial position (in million €)	30 June 2014	31 December 2013	Difference (%)
Total assets	4,742.6	4,885.9	(2.9%)
Capital expenditure	109.7	223.2	(50.9%)
Net financial debt	2,603.5	2,628.4	(0.9%)

3.1.5.2. 50Hertz Transmission (Germany)

Results 50Hertz Transmission (Germany) (in millions €) *	30 June 2014	30 June 2013	Difference (%)
Total revenues and other income	510.0	430.6	18.4%
Depreciation, amortisation, impairment and changes in provisions	(29.8)	(35.5)	(16.1%)
Results from operating activities	148.9	103.4	44.0%
Earnings before interest and tax (EBIT)	148.9	103.4	44.0%
Earnings before depreciations, amortisations, interest and tax (EBITDA)	178.6	138.8	28.7%
Finance income	1.6	0.7	128.6%
Finance costs	(6.2)	(5.7)	8.8%
Income tax expenses	(44.9)	(30.3)	48.2%
Profit attributable to the owners of the Company **	99.4	68.0	46.2%

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions

Consolidated statement of financial position (in million €) *	30 June 2014	31 December 2013	Difference (%)
Total assets	3,120.8	2,744.1	13.7%
Capital expenditure	124.5	412.8	(69.8%)
Net financial debt	(95.1)	175.8	(154.1%)

**Income, expenses, assets and liabilities are reported in the table at 100% (previously reported, until 31 December 2013, proportionately to the Group's 60% share in its joint ventures).*
*** 60% of the profit attributable to the owners of the Company is included in the Share of profit of equity accounted investees (net of income tax) of the Group.*

3.1.5.3. Segment reporting reconciliation

Consolidated results (in millions €)	Elia Transmission (Belgium)	50Hertz Transmission (Germany)*	Consolidation entries	Elia Group
	(a)	(b)	(c)	(a)+(b)+(c)
Total revenues and other income	405.5	510.0	(510.0)	405.5
Depreciation, amortisation, impairment and changes in provisions	(58.1)	(29.8)	29.8	(58.1)
Results from operating activities	93.5	148.9	(148.9)	93.5
Share of profit of equity accounted investees (net of income tax)	1.7	0.0	59.7	61.4
Earnings before interest and tax (EBIT)	95.2	148.9	(89.2)	154.9
Earnings before depreciations, amortisations, interest and tax (EBITDA)	153.3	178.6	(118.9)	213.0
Finance income	5.9	1.6	(1.6)	5.9
Finance costs	(59.7)	(6.2)	6.2	(59.7)
Income tax expenses	(6.7)	(44.9)	44.9	(6.7)
Profit attributable to the owners of the Company	34.7	99.4	(39.6)	94.5

EBIT = earnings before interest and taxes, including share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions

Consolidated statement of financial position (in million €)	30 June 2014	30 June 2014*	30 June 2014	30 June 2014
Total assets	4,742.6	3,120.8	(2,392.8)	5,470.6
Capital expenditure	109.7	124.5	(124.5)	109.7
Net financial debt	2,603.5	(95.1)	95.1	2,603.5

Income, expenses, assets and liabilities are reported in the table at 100% (previously reported, until 31 December 2013, proportionately to the Group's 60% share in its joint ventures).

All revenues are realized from external customers except for the intersegment revenues disclosed in note 3.1.12.2

3.1.6. Dividends

On 20 May 2014, the shareholders approved payment of a gross dividend of €1.54 per share (i.e. a net dividend of €1.155 per share), corresponding to a total gross dividend of €93.275 million.

3.1.7. Acquisitions and disposals of PPE

A net sum of €102.2 million was invested, mainly on upgrading high-voltage stations and laying high-voltage cables. The proposed investment programme of €252.5 million includes €35.0 million for the Stevin project, but whether these investments will actually go ahead is uncertain at the moment given the legal proceedings instituted against the project.

As at 30 June 2014, a total depreciation value of €53.8 million was booked in the financial statements, while the net book value of disposals of property, plant and equipment during the first half of 2014 amounted to €3.5 million.

3.1.8. Loans and borrowings

In April 2014, Elia System Operator issued a €350 million 15-year Eurobond as part of its €3 billion EMTN programme. Over 150 investors from 32 countries placed orders, amounting to €1.70 billion in all. The credit margin for the transaction was set at 82 bp above the mid-swap rate (resulting in a coupon of 3.00%). The proceeds from the bond issue were used for general corporate purposes and for the reimbursement in May 2014, totalling €500 million, of the 10-year Eurobond.

In June 2014 Elia Transmission concluded bilateral long-term credit facilities, totalling €550 million, with five banks. These have a term of three years, ending in 2017 and were set up to replace the existing credit facilities worth a total of €700 million that had been concluded with four banks, which were due to expire in 2015.

3.1.9. Financial instruments

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2014 and the fair value hierarchy:

	Carrying amount						Fair value			
(in million €)	Designated at fair value	Fair value - hedging instruments	Held-to-maturity investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2013 restated*						0.0				0.0
Other financial assets	13.5					13.5	13.3		0.3	13.5
Trade and other receivables				292.7		292.7				0.0
Cash and cash equivalents				242.7		242.7				0.0
Interest rate swaps used for hedging		(27.5)				(27.5)		(27.5)		(27.5)
Unsecured financial bank loans and other loans					(627.0)	(627.0)		(627.0)		(627.0)
Unsecured bond issues					(2,244.0)	(2,244.0)		(2,244.0)		(2,244.0)
Trade and other payables					(201.7)	(201.7)				0.0
Total	**13.5**	**(27.5)**	**0.0**	**535.4**	**(3,072.8)**	**(2,551.3)**	**13.3**	**(2,898.6)**	**0.3**	**(2,885.0)**
30 June 2014						0.0				0.0
Other financial assets	12.9					12.9	12.6		0.3	12.9
Trade and other receivables				268.2		268.2				0.0
Cash and cash equivalents				60.4		60.4				0.0
Interest rate swaps used for hedging		(28.1)				(28.1)		(28.1)		(28.1)
Unsecured financial bank loans and other loans					(573.0)	(573.0)		(573.0)	0.0	(573.0)
Unsecured bond issues					(2,090.8)	(2,090.8)		(2,090.8)		(2,090.8)
Trade and other payables					(242.6)	(242.6)				0.0
Total	**12.9**	**(28.1)**	**0.0**	**328.6**	**(2,906.4)**	**(2,593.0)**	**12.6**	**(2,691.9)**	**0.3**	**(2,679.1)**

** The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 3.1.2).*

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

Fair-value hierarchy

The above fair value of 'sicavs' falls into 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 is classified as level 2, which means that the valuation is based on input from prices other than the stated prices. 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 insufficiently active; and 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 checked using valuation models or techniques based on discounted cash flows.

3.1.10. Income tax expense

The ratio of income tax to pre-tax profit resulted in an income tax rate of 6.7% at the end of June 2014, compared with a tax rate of 8.5% at the end of June 2013 (restated figures). The results of the companies previously accounted for using the proportionate consolidation method that have been consolidated using the equity method as of 1 January 2014 and the share profit of equity-accounted investees are included net of tax in the consolidated income statement. This change in consolidation method is the reason behind the decrease in income tax expense in 2014.

Excluding share profit of equity-accounted investees, the average tax rate (16.9%) remained stable compared with the June 2013 figures (17.9%).

There were no developments in the six months ended 30 June 2014 relating to the tax assessment in note 5.5 accompanying the annual consolidated financial statements as of and for the year 31 December 2013.

3.1.11. Regulatory framework

In 2014, there were no significant changes to the regulatory framework in either Belgium or Germany or to the regulatory uncertainties due to the final settlements arising from the tariff regulation mechanisms to be approved by the relevant authorities, as described in note 7.3 accompanying the annual consolidated financial statements as of and for the year 31 December 2013.

3.1.12. Related parties

3.1.12.1. Transactions with key management personnel

The key management includes Elia's Management Committee. Members of the Management Committee do not receive stock options, special loans or other advances from the Group.

There were no significant transactions with entities in which key management exercise a significant influence (e.g. holding positions such as CEO, CFO and vice-chairmen of the management committee) in the first half of 2014.

There were various significant transactions with entities (namely distribution system operators) in which Elia directors exercise a significant influence in the first half of 2014, all of them at arm's length. Sales and expenses amounted to €48.9 million and €1.0 million respectively for the six months ended 30 June 2014. As at 30 June 2014, there were outstanding trade receivables of €9.2 million and no significant outstanding trade debts.

3.1.12.2. Transactions with Group entities

There were no material transactions between Elia and the German segment, except for the transactions relating to International Grid Control Cooperation signed at the end of 2012 between Elia System Operator and 50Hertz Transmission, representing revenues of €1.2 million in the first six months of 2014 (compared with €4.2 million for the previous six months).

In June 2014, Eurogrid GmbH paid a dividend of €96.7 million to Eurogrid International CVBA (compared with €76.1 million for the previous six months).

Details of transactions with other related parties are shown below.

(in million €)	30 June 2014	30 June 2013
Transactions with joint ventures and associated companies	**(2.1)**	**(1.2)**
Sales of goods	0.3	0.2
Purchases of goods	(2.4)	(1.5)
Interest and similar revenue	0.0	0.0
Outstanding balances with joint ventures and associated companies	**(0.3)**	**(5.3)**
Long-term debtors	0.0	0.0
Trade debtors	0.0	0.0
Trade debts	0.3	5.4

3.1.13. 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 grid operator from power generators to distributors and large industrial customers, and also due to the impact of renewable energies, which are highly sensitive to weather conditions and hence have a considerable effect on revenue inflows.

3.1.14. Events after the balance-sheet date

There are no important events to report since 30 June 2014.

4. Joint auditors’ report

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Report of the joint statutory auditors on the review of the condensed consolidated interim financial statements of Elia System Operator NV/SA as of 30 June 2014 and for the six month period then ended

Introduction

We have reviewed the accompanying consolidated statement of financial position of Elia System Operator NV/SA (the "Company"), and its subsidiaries (jointly "the Group") as at 30 June 2014 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Condensed Consolidated Interim Financial Statements". These statements show total assets of € 5,470.6 million and a profit for the period of € 94.4 million. The Board of Directors of the Company is responsible for the preparation and presentation of these Condensed Consolidated Interim Financial Statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Condensed Consolidated Interim Financial Statements based on our review.

Scope of 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 the 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 Statements as at 30 June 2014 and for the six month period then ended are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Information*, as adopted by the European Union.

Emphasis of certain matters

Without qualifying our conclusion, we draw attention to note 3.1.10 and note 3.1.11 of the Condensed Consolidated Interim Financial Statements, that provide a description of the uncertainties resulting from the final settlements arising from the tariff regulation mechanisms to be approved by the competent authorities, and of the uncertainties resulting from the outcome of the tax audit.

Brussels, 28 August 2014

Joint statutory auditors

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